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NEWS SUMMARY

GENERAL

Anger over new curb on councils

Environment Secretary Michael Heseltine won Cabinet backing for new legislation to curb local councils' financial autonomy.

Under the plan, any council failing to win electoral support for spending exceeding a centrally-determined level in any year will be prevented from fixing its own rate the next year.

The move caused uproar at the joint local authority associations' conference in Torquay, with several speakers saying the plan was close to being dictatorial. Page 8

Consulate seized

Four Armenians seized the Turkish consulate in Paris, killing a guard and threatening to execute about 40 hostages unless "Armenians political prisoners" were freed from Turkish jails.

Namibia mission

The five Western nations seeking to negotiate Namibian independence will send a mission to Southern Africa early next month with a new set of constitutional principles. Back Page

Terror wave fear

Israel believes the Palestinian guerrilla group Fatah is planning a new wave of attacks on Israeli, Jewish and U.S. institutions. Page 3

Healey support

Denis Healey seemed assured of majority trade union support in his battle to remain Labour's deputy leader, in spite of losing the Miners vote. Page 9

Pope 'murder plot'

The Pope's would-be assassin, Mehmet Ali Agca, carried out a plan drawn up by persons unknown, a judges' report concluded.

Kidnap bid fails

Armed bandits raided a Rome villa in a futile attempt to kidnap the Earl of Warwick and his wife, who were not at home.

Sunday Times row

Sunday Times management said publication would be suspended until National Graphical Association machine minders gave assurances on normal working in a pay dispute.

Child killer jailed

Martin Morse, 35, was jailed for life at Bristol for killing his 2½-year-old daughter after being told by his wife she did not love him any more.

Test tube births

Two test tube babies have been born in Britain recently, said one of the technique's pioneers in the journal Nature.

Marches banned

Scottish Secretary George Younger approved a 30-day ban from today on marches in Strathclyde connected with Ulster.

Test tour boost

The Indian Cricket Board said it wanted England's winter tour to go ahead even though two players had sporting links with South Africa.

Briefly . . .

Five Yugoslavs died of mushroom poisoning, bringing the total to ten deaths this month.

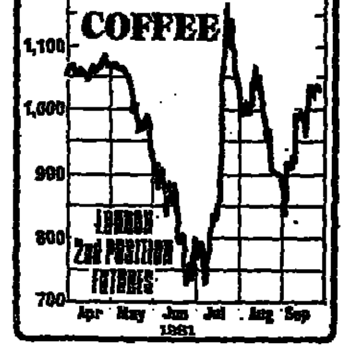
Second giant panda cub in a week was born in a Chinese zoo.

Two East German border guards crossed into West Berlin after locking a colleague in a watchtower.

BUSINESS

Coffee off £8.5; Gold down $7.5

● COFFEE: the breakdown of International Coffee Agreement talks on Wednesday night depressed the opening price, which failed to recover fully on news that the talks would reconvene, and closed £8.50 lower at £1,028. Page 29



● GOLD fell $7.50 to $448. Page 24

● STERLING lost 2.3c to close at $1.7890, DM 4.1450 (DM 4.1675) FFr 9.9050 (FFr 9.9150) SwFr 3.53 (SwFr 3.56) and Y409.50 (Y413.50). Its trade-weighted index fell to 85.7 (86.8). Page 24

● DOLLAR closed at DM 2.3160 (DM 2.30) FFr 5.5375 (FFr 5.4725) SwFr 1.9725 (SwFr 1.9660) and Y229 (Y228). Its trade-weighted index was 109.1 (107.5). Page 24

● EQUITIES: the FT 30-share index closed 5.7 lower at 489.1. Page 30

● GILTS: the Government Securities index lost 0.81 to close at 61.29. Page 30

● WALL STREET was down 0.35 at 839.99 near the close. Page 28

● GOVERNMENT'S chief economic adviser, Professor Terry Burns, said in Washington that Britain's business cycle is rising, "even if recovery is expected to be slow." Back Page; Speech, Page 9

● BRITISH TECHNOLOGY group asked for "substantial" Government funds to launch it as a catalyst for technical innovation. Page 8

● EUROPEAN COMMISSION opened proceedings against 65 Nordic, North American, Spanish and Portuguese paper pulp producers, alleging that prices have been rigged. Back Page

● SOCIETE GENERALE de Belgique took control of Tanks Consolidated Investments, a UK mining and industrial investment company, in a Stock Exchange dawn raid. Back Page; Details, Page 22

● ROYAL DUTCH/SHELL signed a deal with a Moroccan Government agency intended to lead to a shale oil development project valued at £2.2-£2.8bn.

● HABITAT, the home furnishings group, announced profits of £4.4m before tax for the year to June, up from £3.9m in 1980, and announced the terms of its first stock market share issue. Back Page; details, Page 21 and Lex

● DUNLOP HOLDINGS lost £3m before tax in the first half of 1981, compared with a profit of £15m in last year's first half. Page 20; Lex, Back Page

● GEORGE WIMPEY, the construction engineer, announced a profit of £6.4m before tax for the first half of 1981, compared with £9.4m for last year's first half. Page 21; Lex, Back Page

● ROWNTREE MACKINTOSH said pre-tax profits for the 24 weeks to June 20 rose by £4.4m to £8.7m. Page 21; Lex; Back Page

Gromyko and Haig set date for arms limitation talks

BY REGINALD DALE IN NEW YORK

THE FIRST major arms control negotiations between the Reagan Administration and the Soviet Union are to get under way in Geneva on November 30, the two superpowers jointly announced in Moscow and New York yesterday.

The agreement was reached at a four-hour meeting here yesterday between Mr Alexander Haig, the U.S. Secretary of State, and Mr Andrei Gromyko, his Soviet counterpart. It was the first high-level contact between Washington and Moscow since President Reagan took office at the beginning of this year.

The Geneva negotiations, certain to last many months if not years, are to cover nuclear weapons in the so-called European "theatre" (known as TNF), not the central strategic intercontinental forces of the two super powers.

But senior U.S. officials have said that the TNF negotiations should be seen in the context of renewed strategic arms limitation talks (SALT), which could start around next March.

Many west European Governments will be relieved that a date for the TNF talks has finally been set officially. Washington has frequently been accused in Europe of dragging its feet on the negotiations, meant to run in parallel with the deployment of a new generation of U.S. Cruise and Pershing Missiles in western Europe, starting in late 1983.

Lord Carrington, the Foreign Secretary, yesterday described the announcement as "very welcome," a sentiment wholeheartedly endorsed in Bonn by Herr Hans-Dietrich Genscher, the West German Foreign Minister.

"The West German Government sees this as fulfilling the negotiating part of the twin-track Nato decision of December 12, 1979," Herr Genscher said.

The other part of that decision covered the modernisation of Nato's nuclear weapons in Europe, for which Herr Genscher and Herr Helmut Schmidt, the West German Chancellor, have been strongly criticised in their own country.

European governments have been concerned they will not be able to persuade their populations to accept the U.S. missiles, if Washington is not seen to be firmly committed to negotiating limits on nuclear weapons in Europe.

Now they will want to know the U.S. is taking the talks seriously rather than spinning them out until its new missiles are in place. The talks will certainly be difficult — it is not yet even clear exactly which weapons will be covered.

But yesterday's joint statement said: "Both sides believe in the importance of these negotiations for enhancing stability and international security and pledge to spare no effort to reach an appropriate agreement."

The U.S. delegation at the Geneva talks will be led by Mr Paul Nitze, who was a senior member of the Nixon Administration team which negotiated the first SALT treaty between the U.S. and the Soviet Union in 1972.

Mr Nitze is considered to be a hardliner in his dealings with the Soviets on arms control and was a strong critic of the SALT 2 treaty, concluded under the Carter Administration. SALT 2 was never ratified by Congress as a result of the Soviet invasion of Afghanistan in December 1979.

The Soviet chief negotiator will be Mr U. A. Kvitsinsky, until recently a Minister Counsellor at the Soviet Embassy in Bonn.

In Vienna, Warsaw pact and Nato delegations yesterday resumed deadlocked negotiations on reducing forces in Central Europe, with each side blaming the other for lack of progress in eight years of talks.

Mr Emil Keblusek, the Czechoslovak Ambassador, told a news conference after yesterday's 251st plenary session of the negotiations, that the discussions had failed to move towards an initial agreement because of the "rigid and ultimative position" of the West.

Anger over Poland missile rejection, Page 2
U.S. blamed in arms race, Page 19

£1.25bn Indian steelworks order for Davy McKee

BY MAURICE SAMUELSON IN LONDON AND K. K. SHARMA IN NEW DELHI

ONE of the biggest contracts for a steelworks, worth more than £1.25bn, has been awarded by the Indian Government to Davy McKee, the heavy industrial arm of Britain's Davy Corporation, in partnership with companies in France and West Germany.

The contract, on which detailed negotiations have still to take place, was won against strong competition from three other international groups.

The project, which will take up to four years, is for the first stage of an integrated iron- and steel-making and rolling plant with a capacity of 1.3m tonnes a year. It will be built for the Steel Authority of India on the east coast at Paradip in Orissa State.

India accepted the British bid because the financial package was considered more attractive in terms of its grant component and repayment terms for loans, even though a rival bid by Demag Mannesman was said by some Indian officials to be technologically superior. The other bids were from Canada and Bulgaria.

Work worth about £500m will be carried out in Britain. France and West Germany, where Davy's partners in the project are CGEE Alsthom and MAN-GHH respectively, will share work worth £300m.

The European work will be covered by £850m in export credits from the three countries, and there will be Eurocurrency support for the remaining £400m-worth of work to be done in India.

Aid worth up to £150m will go to India from Britain and France.

Lazard Brothers is leading the financing, with the French and German elements handled by Paribas and Commerzbank. The package enables the project to be financed entirely outside India.

Davy said in London yesterday that it had received "the fullest support" from the Government.

Mrs Margaret Thatcher has taken a personal interest in the negotiations, and pressed India hard to choose the British consortium during her visit there in April.

The India Cabinet's decision in favour of Davy McKee is regarded in New Delhi as a major step toward cementing Indo-British relations, especially in view of the possibility that India will prematurely terminate the £1bn deal with British Aerospace on the Jaguar aircraft.

Yesterday's announcement came barely a fortnight after the Government endorsed the decision of the Monopolies and Mergers Commission to block a £143m takeover bid for Davy by the U.S. Enserch Corporation.

Mr Arthur Whiting, a Davy director, said that Davy's chances of securing the Indian contract had been in the Commission's mind when it blocked the bid, and justified the Government's resistance to it.

Davy, involved in large steel projects in Mexico and Brazil, said that the new contract was its biggest. It entered its first bid toward the end of last year after negotiating with the Indian authorities for about two-and-a-half-years, and subsequently made many revisions.

Men and Matters, Page 18

Rules on dawn raids tighten

BY RICHARD LAMBERT, FINANCIAL EDITOR

IMPORTANT CHANGES have been made in the rules governing stock market raids on companies in the early stages of a takeover bid. They took effect last night.

The move follows a number of cases in which effective control of companies has changed hands before their managements had time to consider the terms. Recent examples include the bid for Guthrie Corporation by Malaysian interests, Northern Engineerings, purchase of Amalgamated Power and BTR's current bid for Serck.

The Council for the Securities Industry, the City's main self-regulatory agency, said yesterday it was undesirable for the control of companies to change hands in a matter of hours in this way. It believed the answer was to slow down the rate at which a bidder could acquire a controlling position.

In future anyone who has announced a takeover will have to wait for seven days if he wants to build up a significant stake in the target company through a general market raid. This restriction would apply to the purchase of more than 5 per cent of the voting rights from more than a single shareholder if such a deal took the buyer's stake up to 15 per cent or more.

An option to acquire shares will be treated in the same way as an outright purchase.

The council has also ruled that bidders may not announce their terms are final until after the first closing date of their offer. Such statements have prompted shareholders to sell out at an early stage in the past.

The council described these changes as interim measures. The broader issues involved in such deals are to be studied by a special committee.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Black (A. and C.)	81	+ 3
Howden (Alex)	140	+ 4
Letraset	138	+ 4
Plessey	320	+ 6
Tanks Con	441	+ 69

FALLS		
Treas 12pc 1987	£90¼	— 1⅛
Automated Security	110	— 38
Barclays Bank	402	— 26
Borthwick (Thos)	10	— 4
Britannia Arrow	41	— 8
First Castle	85	— 30
FNFC	25½	— 4
Greene King	244	— 24
Haden	185	— 21
Hanson Trust	236	— 23
Horizon Travel	192	— 28
Inchcape	275	— 31
Lonrho	72	— 7
Lotus Group	27	— 5
Owen Owen	200	— 15
Phoenix Timber	88	— 20
Pilkington	267	— 18
Reckitt and Colman	244	— 16
Saatchi and Saatchi	266	— 37
Sidlaw	140	— 34
Simon Engineering	335	— 38
Sirdar	183	— 21
Smiths Inds	315	— 20
Sparrow	58	— 15
Standard Telephns	388	— 24
Tomatin	66	— 8
Taylor Woodrow	510	— 28
Vinten	280	— 24
Wimpey (Geo)	91	— 10
Hampton Areas	155	— 15
Harmony	858	— 43
Hartebeest	£32	— 1⅛
Rustenburg	275	— 15
Silvermines	70	— 13

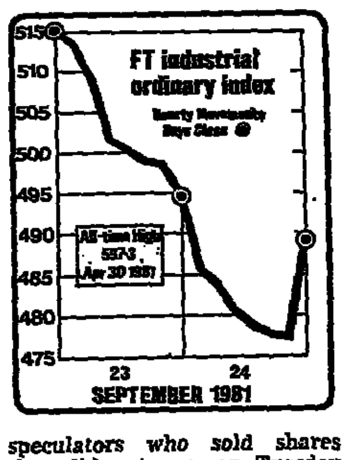
CONTENTS

For latest Share Index phone 01-246 8026

Return of buyers to stock market revives index

BY CHRISTINE MOIR

BUYERS came back into the London stock market in the last hour and a-half of trading yesterday with such force that the FT 30-share index, which had been down 17.4 points at 3 pm, closed only 5.7 points down on Wednesday's 489.1.



Throughout the morning individual shareholders and some institutions, largely unit trust groups and some of the more cash-starved pension funds, had continued selling, while the bulk of the pension funds stood on the side line.

By mid-afternoon, however, the selling appeared to have dried up and the bargain-hunting which the more liquid institutional investors had conducted throughout the fall was sufficient to reverse most of the drop.

Private investors were not conspicuous in late buying. Although most unit trust groups denied that any pressure to sell units or switch out of equity funds developed, at least one major unit trust group stopped buying back units from holders after midday.

Others moved their prices lower to discourage sellers and protect remaining unit-holders from forced sales from the trusts.

A secondary factor in the rally was the bear squeeze on speculators who sold shares they did not own on Tuesday and Wednesday in the hope of buying them back more cheaply yesterday.

Some institutions seized the fall as an opportunity for selective buying of stocks they considered would survive a long-term recession. They included Legal and General Assurance, the Post Office and National Coal Board pension funds, and Commercial Union. In some cases these funds

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Why share prices are falling, Page 27

Pound falls even lower as dollar continues recovery

BY ANATOLE KALETSKY

STERLING FELL in London yesterday to its lowest level against a basket of currencies since March, 1979.

The pounds trade-weighted index at the close was 85.7, compared with 86.8 on Wednesday and 86.6 before the Bank of England tightened monetary policy on September 14.

Foreign exchange dealers were responding to the stock market's apparent concern about Britain's economic prospects. The fall was exacerbated by the recovery of the dollar against the Continental currencies, which continued for most of the day in Europe.

The pound opened very weak in London at $1.7875 and DM 4.144, down 2½ cents and 2.3 pfennigs respectively on the overnight London levels.

It recovered slightly during

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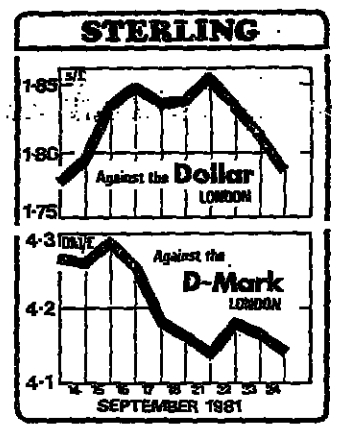

£ in New York

	Sept. 23	Previous
Spot	$1.8025-8045	$1.8270-8290
1 month	0.00-0.05 pm	0.17-0.22 pm
3 months	0.70-0.75 pm	0.79-0.84 pm
12 months	2.80-3.00 pm	2.80-3.00 pm

President shows benign authority

By David Housego in Paris

PRESIDENT FRANCOIS MITTERRAND, presenting an image of benign authority that inevitably recalled General de Gaulle, yesterday left France's employers in no doubt that they must come to terms with his Socialist administration.

At his first Press conference since he came to power he offered employers incentives for investment, a relaxation of his wealth tax as it would affect company plant and equipment, and assurance against further nationalisation.

He warned, however: "The true interest of French entrepreneurs is to work together with those who have been popularly elected."

M Mitterrand, who has deliberately kept a low public profile since coming to power four months ago, held his briefing in the sumptuous Salle des Fetes at the Elysee Palace which President de Gaulle used for his press conferences and at which he announced many of his major decisions.

But M Mitterrand had few surprises to spring.

Speaking often in philosophical terms, he left largely unanswered popular uncertainties about the immediate future of the economy and of living standards that have emerged in recent opinion polls.

Speaking for 2 hours and 30 minutes, he logged the longest presidential Press conference of the Fifth republic. Almost certainly by speaking at such length he lost the impact he had intended.

He chose to put the main emphasis on economic matters. He called for French made products to replace imports in a number of key sectors in the domestic market, putting stress on the development of steel, aluminium, plastics, machine tools, computers, motor bikes and textiles.

He promised to exempt from the wealth tax the funds that private employers reinvested in their companies.

On foreign policy, gaining ease and confidence as he spoke, he joked about Mrs Thatcher. He said he had been called "Thatcherite" but if that was so, then it would follow that he would say "no" to Mrs Thatcher.

Mitterrand tries to woo Saudis, Page 2

EUROPEAN NEWS

Bonn urges U.S. to curb dollar rate fluctuations

BY JONATHAN CARR IN BONN

A SENIOR West German monetary official has publicly urged the U.S. to act more firmly to curb sharp fluctuations in the dollar rate.

Dr Horst Schulmann, state secretary for monetary affairs at the Finance Ministry, stressed that he was not proposing that central banks should intervene against basic economic trends. But he noted that in May the dollar had been valued at less than DM 2.30, in August it had climbed to DM 2.57 and now it was down once more to below DM 2.30.

"I have, and this is an understatement, some doubts whether exchange rate changes of this magnitude reflect the working of orderly markets. It is hard to believe that fundamentals change so rapidly."

Dr Schulmann recalled that at the western economic summit conference in 1975 all participants, including the U.S., had promised "to counter disorderly market conditions, or erratic fluctuations in exchange rates."

He added that his interpretation of that accord was clearly different from that of the U.S. Treasury Under-secretary for

Dr Schulmann: a respect for basic trends

Monetary Affairs, Mr Beryl Sprinkel, who has stressed that the U.S. should not intervene in the currency market except in very exception circumstances.

Dr Schulmann's remarks came in a speech for delivery yesterday in Chicago, Illinois, and are a foretaste of the approach likely to be taken by the West Germans at the International Monetary Fund meeting in Washington this month.

While Bonn welcomes the recent strengthening of the D-Mark, it deplores sharp swings in the dollar which, among other things, mean additional strains for the European Monetary System.

The desire for a less erratic dollar course is linked to Bonn's urgent interest in seeing less volatile U.S. interest rates and firmer action by Washington to cut the federal budget deficit.

In his speech, Dr Schulmann noted that the West German Bundesbank had been one of the first central banks to set monetary growth targets. But it had done so for a year ahead, not for shorter periods.

"Some of us find that in targeting money growth, U.S. authorities place too much emphasis on week-to-week variations. The rest of the world might be better off if your authorities took a more relaxed attitude."

Anger over 'Roland' rejection

BY ROGER BOYES IN BONN

WEST GERMANY'S arms industry and Government are upset by the United States' intention to scrap plans to buy Franco-German Roland anti-aircraft missiles for $477m (£257m). The move hits directly at the idea of the "two-way street" whereby the U.S. agreed to order more European weapons to help compensate for vast purchases of U.S. arms by Germany and other allies in the North Atlantic Treaty Organisation.

Arms industry officials were yesterday describing the cancellation—announced on Wednesday by Mr Caspar Weinberger, the U.S. Defence Secretary—as a triumph for the U.S. arms and aerospace lobbies which have traditionally resisted the procurement of European weapons.

The Bonn Government has not made any formal statement but officials made clear that they regretted the move. "There must surely have been other areas to cut," one official said.

The Roland is a highly mobile system for use against low-flying aircraft which are tracked by radar and then shot down. It can be used on trucks and ships and would have been attached to tanks had the U.S. gone ahead with the deal.

The missile was jointly developed by Messerschmitt Boelkow Blohm and Aerospatiale under the aegis of the Paris-based Euromissile company. The U.S. deal was to take over license production with Hughes Corporation acting as the lead manager.

Mr Caspar Weinberger, the U.S. Defence Secretary, said yesterday he was willing to revise his plan to halt purchase of Roland air defence missiles if the manufacturers agreed to stretch out the programme and bring down the costs, Reuter reports from Washington. "The problem we had was the unit cost," Mr Weinberger told a House of Representatives sub-committee.

The cancellation is the second blow to the Roland programme in the last few months. The German Defence Ministry has already decided to reduce its original plan for 340 Rolands to 140, to save money.

This highlights the problems facing German arms manufacturers. First, the Bundeswehr is cutting back on a whole range of planned weapon systems because of the financial squeeze and general bad housekeeping over the Tornado multi-role combat aircraft. Secondly, Germany's highly restrictive arms export regulations make it difficult to extend production lines in the hope of selling to the Middle East.

The one real step in two-way deals came when the U.S. recently sold the Boeing airborne advanced warning and control system (Awacs) to Germany. In return the U.S. agreed to buy German trucks for its forces in Europe.

New funding sought for W. German reactors

By Kevin Done in Frankfurt

NEGOTIATIONS in the next few days between the West German Government and the electricity supply industry are expected to save the country's DM 5.4bn (£2bn) advanced nuclear reactor development programme from financial collapse.

Representatives of the country's largest electricity utility and the federal Research Ministry have agreed to try to arrange a new financing programme.

The Government is pressing the power industry to increase its share of the DM 5.4bn development programme for the 300 MW fast breeder reactor under construction in Kalkar from the present 8 per cent to 28 per cent.

After a further round of talks with Rheinisch-Westfälische Elektrizitätswerke (RWE), the utility most heavily involved in building the reactor, the Research and Technology Ministry, said a new financial package was likely to be agreed in the "next few weeks."

The talks have been given fresh impetus by a Bonn Cabinet decision this week to press ahead with the Kalkar prototype. The Government reaffirmed its commitment to the development of fast breeder technology, which it sees as the country's best chance for reducing its dependence on imported energy.

The industry's biggest objection to shouldering a larger part of the financial burden has been its fears that the Bundestag (Parliament) might refuse to allow the commissioning of the new reactor under pressure from the growing anti-nuclear movement.

The issue will not be raised in the Bundestag before next summer when the report of the commission on future nuclear energy policy is expected, but the Cabinet is then expected to press hard for a positive decision.

The Government and the utilities will produce a financing package soon, but its full implementation will probably be delayed until the autumn of 1982 and could be made conditional on the Bundestag vote. A temporary financing package is therefore under discussion to bridge the gap.

Industry is being pressed by the Government to close a gap of DM 1bn in the fast breeder programme over the next five years and a shortfall of DM 500m in the high temperature reactor (HTR) programme over the next two years.

The Cabinet decided this week in favour of completing the DM 3bn, 300 MW high temperature reactor under construction at Schmehausen, despite the fact that neither the Government nor industry expects any early practical commercial application.

So far industry has provided only about DM 240m of the DM 3bn spent on the fast breeder which is due for completion by the end of 1986. The West German Government is carrying 62 per cent of the costs, the Dutch and Belgian states 15 per cent each and West German industry (chiefly RWE) 8 per cent.

Of the DM 2bn spent on the HTR, industry has met some 20 per cent and the Government 80 per cent. The squeeze on public expenditure has ruled out any increased contribution from Bonn to both projects and quick agreement on a new package is needed if continuity of work is to be ensured. Some DM 177m is still needed to underwrite the rest of the work scheduled for 1981 on the fast breeder programme.

Poland's MPs force a climbdown

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S MPs yesterday forced the Communist Party leadership to back down on the issue of workers' control and showed that Parliament is becoming an independent force.

The revolt came over a Bill on workers' rights, which includes the controversial point of who is to appoint management, the authorities or the workers.

The party leadership faced the threat of a split in the chamber with up to 200 deputies threatening to vote again an official amendment and 260 Communist Party deputies bound by party discipline to back it. "But I would not have vouched for the party group either; some might have broken ranks," a Communist deputy said.

The issue arose on Wednesday when the Politburo ordered its deputies to vote for an amendment to establish the rule that all management appointments should be in the hands of the authorities and that election by workers would be the exception. This reversed a compromise frmula achieved earlier in the week in negotiations between deputies and the Solidarity independent union. Under that formula elections would have been the rule and the authorities would have drawn up a list of factories, in consultation with the unions, where management would be centrally appointed.

The rebuff to Solidarity was expected to raise the temperature at the union's congress which is due to resume in Gdansk tomorrow. The union had threatened to boycott the law.

When the chairmen of the various groups in Parliament met yesterday morning it became apparent that a majority of 113 Peasant Party deputies would vote against as would the 37 Democratic Party deputies and 49 non-party members, including 14 Catholics. Faced with such resistance, Mr Stanislaw Kania, the Communist Party leader, who was consulted by leaders of the party's parliamentary group, decided to withdraw the amendment.

Mr Kania's decision shows that the party leadership is still anxious to avoid all-out confrontation. This is in line with the conciliatory tone of a speech earlier in the week by Mr Stefan Olszewski, a Politburo me[mber]. Confirmation came in a s[...] yesterday morning by the [...] Minister, General W[ojciech] Jaruzelski. He told Parli[ament] that the authorities [...] awaiting a change in the [...] tion of the Solidarity [...] which emerged from the [...] part of the union's congre[ss] said he had instructed Interior Ministry and [...] forces to take the nec[essary] steps to oppose all ana[...] and anti-Soviet excesses he also held out the possi[bility] of bringing non-party me[n] into Government.

"Anyone who is not a[gainst] socialism can set up new [...] of constructive co-operatio[n with] us," he said. He announce[d] a committee of advisers [would] be established soon.

Mitterrand woos Saudis

BY TERRY DODSWORTH IN PARIS

PRESIDENT François Mitterrand embarks on a two-day official visit to Saudi Arabia today. At stake will be Socialist France's credibility in an arch-conservative country which now supplies more thalf half its oil.

The victory of the Socialists three months ago marked a clear shift in France's relations with the Middle East. During the past decade and a half France has played the Arab card for all it is worth. It has been rewarded with a steady and expanding flow of oil, lucrative arms contracts, developing trade and helpful deposits in the French financial system.

President Mitterrand has come to power with a much less positive commitment to Arab interests. His natural sympathies lie with Israel, nurtured by years of contact with the Israeli Socialists, and he heads a party which has a clear distaste for the Arab trade boycott, no enthusiasm for arms trading, and economic leanings which give little long-term assurance to foreign capital.

Given these conflicts of interest, the President has decided on a policy of compromise which leaves France precariously poised between the two Middle East forces. Israel will not be ditched for more

President Mitterrand: a natural sympathy for Israel

oil and petrodollars—his next Middle East visit will be to Tel Aviv in January. On the contrary, the President's special relationship with the Israelis is being presented as "an advantage and not a handicap" in the negotiating moves towards a Middle East peace plan.

During the Saudi visit, the peace plan will be high on the agenda, along with North-South relations, in two meetings President Mitterrand is to have with King Khaled. But a strong team of Ministers, including M Michel Jobert (Trade), M Jean-Pierre Chevenement (Research and Technology) and M Louis Mexandeau (Telecommunications), will ensure that trading issues are not forgotten.

The significance of these questions to France can be seen on a number of fronts. First, there is Saudi oil, now of unprecedented importance following the virtual strangulation of Iraqi supplies.

Secondly, there is trade, relatively favourable to France when the oil import bill is excluded, but now threatened by the boycott clauses against Israel often included in Arab contracts. French exports to Saudi Arabia went up to FFr 5.1bn (£520m) in the first six months of this year, compared with FFr 3.5bn in the same period of 1980.

Thirdly, there are arms sales, for which figures do not always show in the trade statistics, but which have clearly counted strongly for France in recent years.

Finally, France has an interest in maintaining sagging confidence in its internal financial management. It would like more Saudi deposits or loans to shore up the franc (there have been reports that it is seeking up to $3bn from Riyadh) and it wants to avoid Saudi capital leaving France.

EEC seeks closer Gulf links

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Community is tentatively seeking a closer partnership with moderate Gulf States which could lead to its support for Middle East peace proposals put forward by Saudi Arabia.

The eight-point peace plan launched last month by Crown Prince Fahd of Saudi Arabia was welcomed by Lord Carrington, president of the EEC's Council of Ministers in a speech to the United Nations General Assembly this week. It was also commended yesterday by President Francois Mitterrand of France.

Speaking just before his visit to Riyadh, M. Mitterrand singled out the Fahd proposals—which have been rejected outright by Israel—as a positive contribution to the search for peace.

The Crown Prince's proposals are more explicit and controversial on key Palestinian issues than anything the Community has so far endorsed. But the Saudis are believed to be keen to secure European support and it will be surprising if they do not press their case in informal contacts with the Community which are now getting underway.

Saudi Arabia is a leading member of the newly-formed six nation Gulf Co-operation Council. EEC Foreign Ministers agreed last week to start informal talks with the council on possible future co-operation.

The part of the Fahd plan which the Community has seized on is an assertion that all states in the Middle East should have the right to live in peace. This is seen as offering tacit recognition of Israel in return for a Palestinian state.

But it remains to be seen whether all Ten, particularly France, will bow to Saudi pressure to support the plan's other principles, in particular that the capital of an independent Palestinian state should be Jerusalem.

Dutch plan aids to small business

BY OUR AMSTERDAM CORRESPONDENT

THE Dutch Government is to introduce a series of new incentives for small businesses as a majorpart of its economic policy to combat unemployment and to stimulate economic growth.

Mr Peter van Zeil, Secretary of State for Economic Affairs, said yesterday that the Cabinet was discussing a comprehensive policy for small business development, including the possibility of a three-to-five year tax holiday for new companies.

Mr van Zeil made the comments at a conference of European co-operative banks in Amsterdam. It was his first statement of Government economic policy since the coalition was formed a fortnight ago.

He declared that Dutch unemployment, currently running at 9 per cent, was not likely to level off in the coming year. It could reach 500,000 by next year, against the current level of 400,000.

"The consequences of this level of unemployment to our society are not acceptable," he said. It was therefore necessary to boost small and medium businesses through a joint effort by the Government, the banks and employers. About 45 per cent of the Dutch workforce was already employed in small and medium businesses.

Incentives being discussed include subsidiaries to new companies, particularly to those involved in joint commercial projects such as shopping centres.

Baudouin calls on Claes

KING BAUDOUIN of Belgians yesterday asked Economic Affairs Minister Willy Claes to consult country's political leaders to see whether a new Government could be formed whether elections should be held, AP reports from Brussels.

Mr Claes, 42, a Flemish speaking Socialist, said that he did not favour elections because of Belgium's precarious economic situation.

French truce over

Isolated strike movements mostly in the public and nationalised sectors, have begun to undermine the truce that has prevailed in French industrial relations since President Francois Mitterrand's election victory in May, David White reports from Paris. An action day pit workers at the state-owned coal mines was called yesterday by the Communist-led CGT union to back demands for mining industry expansion. The protest followed 24-hour strikes over pay on Wednesday by dockers in ports all round the country.

Spain's economy

Spain's economy is expected to grow by less than 1 per cent this year, according to the latest quarterly report published by the employers' federation, Robert Graham reports from Madrid. The Government had hoped to achieve 2.5 per cent growth in 1981, but early in the year this was revised to around 1 per cent.

Steel prospects

The European Commission envisages a "modest improvement" in the demand for steel in the European Community during the closing months of this year, and in particular of a "significant upward trend" next year, Giles Merritt reports from Brussels. The Commission has warned that any pick-up between now and the end of 1981 is liable to owe much to seasonal fluctuations, so there are firm indications of a sustained improvement of demand still wanting.

Excise duties plea

The European Commission, supported by Italy and Britain, is to appeal to the European Court to demand further a decision which would alter the excise duties currently levied on British beer and wine, John Wyles reports from Brussels. The court's ruling has been put off several times over the past 18 months.

EEC SUMMIT PROSPECTS

Schmidt's reformist zeal is cooling

BY JONATHAN CARR IN BONN

THE EUROPEAN Summit meeting in November in London has long been billed as the key session for final decision on pressing issues of EEC budget and farm policy reform.

But there are growing signs here that Bonn does not see these matters as quite so urgent after all, and that their resolution may take longer than expected.

At first sight this is surprising. Chancellor Helmut Schmidt has publicly underlined recently that the Germans—the biggest net contributors to the budget are not "60m golden cows to be milked at will."

There has been talk at the Finance Ministry of finding some mechanism to hold down Bonn's budget contribution along the lines of that found for Britain. And it is recognised that Budget reform both to relieve the German contribution and to provide more cash for EEC regional and social policies means limiting expenditure on the Common Agriculture Policy (CAP), which consumes the lion's share of EEC funds. No-one in Bonn is ready to see an increase in the present 1 per cent ceiling on VAT contributions to Brussels, thus providing the EEC with extra revenue by this route.

Thus the conclusion so far generally drawn is that an irresistible pressure for reform is building up, and that there must be something of a "Showdown" at the London meeting. However, this prospect is starting to fade.

One reason is that EEC farm expenditure is lower than had once been expected and that even without major reform there is no imminent danger of hitting the 1 per cent VAT ceiling.

That does not mean that Bonn is giving up on farm policy changes, but it does imply that the matter is not quite as urgent as it was.

Further, there are signs that despite the talk about being treated like Britain on the budget, the final German aim is less ambitious. Last Friday the Cabinet agreed that Bonn should achieve "a perceptible and suitable relief" in its net contributions, a demand hardly to be compared in scope with that originally made on Britain's behalf.

One reason for this fairly low-key approach is that Herr Hans Dietrich Genscher, the Foreign Minister is hoping for "agreement in principle" at the London Summit on a document on "European union," a project he has much at heart. A serious row over money could well upset this scheme.

But apart from that, Bonn has always had grave problems in forcing through its budgetary demands in the EEC, partly for reasons of history and partly because the German economy is usually healthier than others in Europe. Even now the Government publicly says that Bonn is ready to remain the biggest net contributor to Brussels. So the prospect is more for adjustments than for reform.

None of that implies that even adjustments will be easy to achieve. But it is stressed here that the final shape of an EEC "package deal," as far as Bonn is concerned, will not be decided on EEC issues alone. It will depend in particular on what balance of interests Bonn and Paris can achieve in a very broad range of fields—including security and East-West policies.

This balance will provide the context in which EEC solutions will be sought—and it is recognised here that it cannot be achieved overnight. Only now is the new French Government emerging from its "run-in" period to define its views in key areas.

Herr Schmidt and M. Mitterrand are expected to make a lot of progress in mutual information and clarification when they meet on October 7 and 8 at Latche, in south-west France. But they are felt unlikely to cover so much ground that a detailed joint approach can be settled for the November EEC meeting.

One question mark involves the so-called "personal chemistry" between the West German and French leaders. How well will they get on together? Despite several quite friendly meetings this year it remains unclear whether a close relationship can be established similar to that between Herr Schmidt and ex-President Valery Giscard d'Estaing.

Another problem is that the Germans have grave misgivings over the present course of French economic policy. Bonn feels the (limited) success of the previous French administration in the battle against inflation is now likely to be squandered.

But despite that, the German aim remains a close and privileged relationship with France, in which areas of accord are actively fostered and disagreements are played down. It is stressed that this relationship is not directed against Britain—and it is hoped that Herr Schmidt's talks with Mrs Thatcher in Bonn on October 29 and 30 will be fruitful. But it is not clear to the Germans what Mrs Thatcher may have to offer. It is also noted that President Mitterrand has been elected for seven years whereas Mrs Thatcher's position seems less secure.

Helmut Schmidt: not a native of milch-cows

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South African bank plans in tatters as Botha's policy falters

BY J. D. F. JONES IN JOHANNESBURG

[The] Southern African Development Bank, which was to have [been] one of the pillars of [Prime] Minister P. W. Botha's ["ver]ligte" (reformist) policies, [appea]rs to be the latest [casual]ty of the South African [Gover]nment's swing to the [right].

[Sen]ior South African officials [have] been working on plans for [the D]evelopment Bank all year. [It wa]s to open its doors on [April] 1, 1982 and was to be the [engin]e-room of the Prime [Minis]ter's project for a "Con[stella]tion of States" in the [south]ern part of the continent.

[Whi]le there has been no con[firmat]ion of any delay, time is [runni]ng short and senior [official]s are no longer conceal[ing th]at the cabinet and caucus [of th]e ruling National Party [are] reluctant to give any [priori]ty to the bank.

[It is] reported that the cabinet [has ye]t to take a decision about [the b]ank and there is no sign [in Pa]rliament of the enabling [legisla]tion that needs to be put [forwar]d in the next few weeks [if the] bank is to be set up in [time fo]r its April debut.

[The] delays are considered by [obser]vers to be so serious that [they m]ust be seen as an import[ant ex]ample of the recent [stall]ing of the Prime Minister's [mome]ntum and drive towards [the r]eformist policies which he [was p]romising a year ago.

[The] Development Bank has [been] planned to serve the [n]eeds of the group of neigh[b]ouring states that are part of [the So]uth African economic [sy]stem.

[In] addition to the republic [an]d its Bantustan tribal home[la]nd states, it was hoped the [th]ree former British protec[to]rates of Lesotho, Botswana [an]d Swaziland would join. It [w]as even hoped that the "Con[ste]llation" would come to include Zimbabwe, Namibia and even further afield.

Mr P. W. Botha
Prime Minister

This concept was damaged severely by the discovery that the independent black states, led by Zimbabwe, would have nothing to do with a project so manifestly dominated by Pretoria, these states are now concentrating on a different grouping for economic regional co-operation called SADCC (Southern African Development Co-ordination Conference).

A more recent setback has been Pretoria's difficulty in getting agreement on qualifications for membership of the development bank.

It was planned to offer full membership only to those of the Bantustan governments which had accepted full "independence" from Pretoria (an independence which has not so far been recognised by any other governments). Clearly the potential benefits of membership of the bank were intended as an inducement to opt for independence.

Melbourne summit security tightened

SYDNEY — Australian police yesterday began a huge operation to protect Commonwealth leaders at a summit in Melbourne next week, raiding 12 homes occupied by an India-based religious sect and seizing documents about the meeting.

Police are carrying out the biggest security clampdown in Australian history to protect leaders of a quarter of the world's population at the Commonwealth heads of government meeting. They said yesterday's action was part of the operation.

In a series of co-ordinated dawn raids on premises occupied by the Ananda Marga sect, police and special branch detectives seized documents about the meeting and a plan of a hotel where some of the delegations will be staying.

Two men and a woman were arrested during the raids, but one man was later released. The remaining man and a woman were charged with minor offences unrelated to the summit, police said.

A police informer has claimed in court that members of Ananda Marga were responsible for a bomb blast outside a Commonwealth regional heads of government meeting in Sydney in 1978 which killed two dustmen and a policeman.

● Australian Ships engineers yesterday voted to end the three-week strike which stranded some 60 vessels and disrupted the nation's fuel supplies, a union official said. At meetings throughout Australia, the men agreed a union recommendation to go back to work immediately so that stalled talks with employers on an annual pay and conditions claim could be resumed.

Reuter

David Lennon in Tel Aviv reports on concern over the peace agreement with Egypt

Israel anxious as Sinai deadline approaches

THE RECENT crackdown on dissidents in Egypt, the slow progress in developing normal relations between Egypt and Israel, the lack of progress on Palestinian autonomy and the take over by militant Israelis of some abandoned settlements in Sinai are all contributing to a degree of anxiety here about the approaching deadline of April 25 next year when Israel is to make its final withdrawal from Sinai.

Israel's blunt-speaking Chief of Staff, General Rafael Eitan, voiced the fears of many when he said that if the unrest in Egypt were to topple President Anwar Sadat, the peace agreement between the two countries could collapse. Subsequent political pressure forced him to deny having made this remark, but this did nothing to dispel the fears in Israel to which he had given voice.

Israelis believe that in signing the peace treaty with Egypt their country undertook to give up a tangible asset, the Sinai peninsula, for the intangible of peaceful relations. While Mr Menahem Begin, the Prime Minister, his Government and most of the political opposition believed that this was a fair deal and a worthwhile risk, many others are not so sure.

Prof. Shimon Shamir of Tel Aviv University says that the peace agreement raised questions in Israel such as: Is it really peace? Will it endure? Is it a ploy to get Sinai back? Is it peace with Egypt or only with Sadat? What happens after Sadat?

The Professor, whose specialty is the history of Egypt, adds "Jews are suspicious. Their experience justifies this."

To overcome many of these fears Israel insisted in the peace treaty that there must be a development of normal relations between the two countries but in the two and a half years since the treaty was signed Israel has been disappointed at the slow pace of normalisation. While tens of thousands of Israeli tourists have flocked to see the land of the Nile, only a couple of thousand Egyptians have visited Israel—about one third of them Egyptian diplomats.

Israeli disappointment has been sharpest in trade and commerce. The dominant public sector in Egypt has been closed to Israel. Companies here which have bid for Egyptian Government contracts have failed to win a single tender.

Trade which has developed has been with the private sector and has been totally one sided. Last year Israeli exports to Egypt totalled $12m but was unable to register a single item of import, with the exception of Egyptian oil guaranteed under the peace treaty.

The fact that commercial, cultural and social ties between the two countries have not flowered as had been hoped has fuelled the suspicion of those inclined to believe that President Sadat only offered peace as a strategem to get back the territory Egypt lost in the 1967 war.

When President Sadat arrested 1,500 of his opponents earlier this month these concerns were intensified. Israelis began to worry that the Egyptian leader's hold on power may be weakening.

Opponents of the peace treaty within Israel, seized on this to question the wisdom of returning the eastern section of Sinai in these circumstances. Though only a minority, they are a vociferous and often violent group, based mainly on the militant Gush Emunim Settlement Movement. Their members have been moving into the houses in the Jewish settlements in north-eastern Sinai which have already been evacuated by their original settlers in anticipation of the final evacuation

These new settlers are not in the least interested in farming the land or operating the few factories still standing. They are there to halt the Israeli withdrawal and they promise to resist any attempt to remove them.

But it is not only the extremists who are concerned about the pace of normalisation. On the eve of the summit meeting in Alexandria late last month between President Sadat and Mr Begin, the Director General of the Israeli Foreign Ministry, Mr David Kimche, said that Israel was not satisfied with the way Egypt was carrying out the normalisation process.

One outcome of that summit has indeed been a renewal of the dialogue about the development of relationship between Egypt and Israel. It has also led to this week's resumption of the talks on autonomy for the occupied West Bank and Gaza strip, negotiations which were broken off by Egypt 15 months ago

Just how the intensification of talks on normalisation will develop is difficult to judge at the moment. Many of the arrangements which will be reached will be directly concerned with the new arrangements needed when Egypt regains the remainder of Sinai. Few of the subjects discussed so far deal with broader issues.

Many Israelis who travel frequently to Egypt believe that there is a clear link between the limits placed on normalisation by Egypt, and the absence of real progress on the solution of the Palestinian autonomy issue.

However, despite the problems and disappointments during the years of peace, there is no doubt that Mr Begin will honour the letter of the peace treaty. He will stand by his written commitment to complete the evacuation of Sinai by next April

CAIRO—Israel plans more measures to bring Palestinians into U.S.-sponsored autonomy talks in hopes of reaching a speedy agreement, an Israeli spokesman said yesterday.

"We decided that we wish to do everything possible to reach a speedy conclusion to the autonomy talks," Mr David Kimche, secretary of the Israeli Foreign Ministry, said during a break in the negotiations between Israel, the U.S. and Egypt.

Mr Kimche said Israeli moves to create a climate of confidence among Palestinians on the occupied West Bank of the Jordan and the Gaza Strip were planned unilaterally by Israel and independent of the autonomy talks.

AP

Fears grow of Fatah terrorist attacks in Europe

BY OUR TEL AVIV CORRESPONDENT

ISRAEL believes that a wave of terrorist attacks in Europe is being planned by Fatah, the largest Palestinian guerrilla organisation, thus ending a two-year moratorium on such actions. The main targets will be Israeli, Jewish and American institutions.

Israeli officials say that if the talks on Palestinian autonomy, which were renewed in Cairo this week, make progress, the pressure will intensify for Fatah to stage dramatic terrorist operations in an attempt to foil a resolution of the Palestinian problem without reference to the PLO.

The low level of Palestinian actions abroad during the last couple of years, including this week's grenade attack on an Israeli shipping agent in Cyprus, has been carried out by dissident organisations.

But now, according to Israeli officials, the Fatah organisation headed by Mr Yasser Arafat, who is also chairman of the PLO, plans to resume its operations outside the Middle East.

The Israelis report that Fatah has been building up its European network of agents and supporters as well as arms stockpiles. This gives the organisation a base and a capability for operations as soon as it decides to renew its international terrorist activities.

The PLO is believed to have taken a decision in principle to place a greater emphasis on armed confrontation with Israel at home and abroad, thus moving away from its concentration on diplomatic activity.

The first sign of this policy, it is believed in Tel Aviv, was the attempt in July this year by two PLO men to smuggle arms into Austria through Vienna airport. It is pointed out that the detained guerrillas were both members of Fatah.

It was admited in Israel that the attacks carried out by Palestinian organisations in Europe in the past couple of years may have been against PLO policy, but it is added that this can no longer be said to be the case following the discovery of the Vienna arms smugglers.

Power cuts hit Indian industry

BY K. L. SHARMA IN NEW DELHI

[IN]DUSTRIES in Northern India [are] reeling from the impact of [se]vere power cuts following [em]ergency measures by the [cen]tral and state governments [to] save the "kharif" (summer) [crop] by diverting electricity [to] farms.

The measures have become [nec]essary because of drought [in] the last six weeks. As a [result] the standing corps of [pa]ddy and other summer grain [th]reaten to wither in many [areas]. This could lead to a [...] drop in production, [pa]rticularly of rice.

Unless the target of 58m [to]nnes of rice is reached, the [G]overnment could be forced to [ma]ke further imports of wheat [to] augment the fast-depleting [gr]ain stocks. Western diplomats [pred]ict that India will be compelled to import at least 3m [ton]nes of wheat in addition to [the] 1.5m tonnes purchased in U.S. markets last July.

Since further grain imports would seriously affect the foreign exchange reserves, the Indian Government is trying to save as much of the summer crop as possible.

In consultation with the affected states of Haryana, Punjab, Rajasthan and Uttar Pradesh, it has decided to divert power supplies from urban and industrial areas to farms where irrigation pumps are working round the clock.

The power cuts are bound to affect factory production, although it is hoped that work there will be affected for only a fortnight.

But the Energy Ministry has warned that Northern India may have to live with power cuts for several months since the drought has led to a fall in reservoir levels. This will affect generation in the entire northern grid where thermal stations are operating well below capacity because of faulty maintenance and other problems.

When wheat was purchased from the U.S. last July, grain stocks had dwindled to 14m tonnes after state agencies were able to procure only 6.3m tonnes of wheat from farmers against the target of 9m tonnes.

The Agriculture Ministry is not revealing what the present stocks are, but these must have come down further since the needs of the public distribution system of ration shops have been catered for from the official inventory.

An official committee recommended recently that a minimum of 10m tonnes of grain should be maintained as buffer stocks as a safeguard against price rises and shortages.

Singapore determined to secure place in world aviation industry

BY KEVIN RAFFERTY IN SINGAPORE

[SI]NGAPORE is determined to [use] its strategic location, its [edu]cated and highly skilled [ma]npower and already significant place as a communications [and] aviation centre to secure a [gro]wing place in the world [aer]ospace industry. This will [the]n be used as the hub to [fos]ter other industries with a [hig]h skill, engineering, technological content.

This was one of the main [the]mes to emerge on the open[ing] day of the Financial Times [Con]ference on the role of South[east] Asia in World Airline and [Aer]ospace Development which [open]ed in Singapore yesterday. [Th]e conference is being held at [th]e same time as the first Asian [aer]ospace exhibition.

Several speakers, especially [tho]se from Singapore, pointed [out] that Singapore is already [an] important airline centre and [li]ke many developing coun[tri]es is currently planning well [ah]ead and thinking of the 1990s.

[Th]e tiny island republic with [an] area of 226 sq miles and a [po]pulation of only 2.4m is [exp]anding its programme for [tur]ning out trained manpower, [sai]d Mr Ng Pock Too, deputy [dir]ector of the Singapore [Eco]nomic Planning Board. By [th]e mid-1980s the country's [edu]cational institutions will be [gr]aduating 1,000 engineers, [...]00 technicians and 10,000 [cr]aftsmen each year.

"Training contents, methods [an]d equipment are all finely [tu]ned to ensure that these grad[ua]tes are equipped with the [sk]ills and knowledge required in [a] world of fast changing tech[no]logies," said Mr Ng. The [N]ational University of Singa[po]re is setting up the Institute [of] System Science in collabora[ti]on with IBM to train computer [so]ftware specialists and develop [Si]ngapore as a software centre.

Employers are being encour[a]ged, with financial incentives, [to] upgrade the skills of their [w]orkforce. Already, said Mr [N]g, more than 20 international [a]erospace companies have set [u]p in Singapore and the country [h]as a bilateral airworthiness agreement with the U.S., allowing Singapore made components to gain federal aviation authority certification.

A number of speakers commented favourably on Singapore's new £500m international airport at Changi which opened in July. Mr Lim Hock San director of civil aviation, said that the new airport was five times the size of the old one, and there are plans for a second passenger terminal, a second runway and additional facilities. "We aim to develop Changi airport into an air junction for the region, where air connections to and from all parts of the world can be made easily."

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Mr Lim promised that airport capacity would keep one step ahead of demand and spoke of a "plausible scenario" for the year 2000 of an airport system handling 31m passengers and 1.5m tonnes of freight a year against 7.3m passengers and 177,000 tonnes of freight passing through the old airport last year and an expected 17m passengers and 0.6m tonnes of freight in 1990.

Mr Robert Tan, assistant director of engineering of Singapore Airlines, said that the airlines' aircraft maintenance and overhaul facilities had greatly expanded to cope with the jumbo jet age and the company handled 90 per cent of all flights calling at Singapore.

Mr D W Freer, director of the Air Navigation Bureau of the International Civil Aviation Organisation, pointed out that air traffic, both passenger and freight, in the Southeat Asian region had grown faster over the past decade than in other regions and the Southeast Asian states share of world traffic in both categories had more than tripled in the period.

Predictions that fast growth in air traffic in the Asian region would continue were made by Mr Robert C. Fraser, director of transportation studies with Arthur D. Little. The Far Eastern market would be almost as large as Europe in intraregional traffic by the year 2000—an increase of fivefold on today. The Southeast Asian market would grow at 10 per cent a year, higher than world traffic of about 6.5 per cent. Singapore Airlines is already in the top 20 airlines of the world in terms of revenue passenger kilometres.

Mr Jim Worsham, vice-president and general manager of General Electric's market development operations, Aircraft Engine Group, pointed out that development of new aircraft and engines required huge costs, $1bn at least by the engine manufacturer alone for a new engine for a 150-seat passenger airliner. Airlines were in bad shape, financially, which was why many of them were fitting existing aircraft with new generation and more fuel efficient engines.

Basil Blackwell, vice-chairman and chief executive of Westland Aircraft. A heliport could be built for a fraction of the cost and on about one-fiftieth of the land area of even a small airport.

Mr John Corrigan of the Piper Aircraft Corporation, also pointed to the opportunities for an enhanced role for general aviation of business and other smaller aircraft. New aircraft would fly faster and more quietly and efficiently than before, leading to greater safety

In his opening remarks, Mr Michael Donne, aerospace and defence correspondent of the Financial Times, who was chairman of the first day's proceedings, said that in spite of the present recession "the longer-term possibilities in aviation may be even more spectacular than we have seen in the past"

Capitol Hill warns on new defence cuts

BY DAVID BUCHAN IN WASHINGTON

THE PROSPECT of any basing on land of the MX nuclear missile has been further clouded by the latest warnings from Republican leaders on Capitol Hill that President Ronald Reagan must expect Congress to make fresh defence cuts along with any reduction in domestic spending.

Mr Caspar Weinberger, Defence Secretary, told Congress this week that the decision on how to deploy the MX had been "virtually" settled within the Administration and would be announced next week.

He was outlining the one already-announced component—a $13bn scaling-back over the next three years in military spending—in President Reagan's latest round of Budget cutbacks.

The defence chief said this would entail early withdrawal from service of nuclear-armed B-52 bombers and Titan nuclear rockets, as well as slowdown in some conventional re-armament programmes.

The Administration's favoured MX option has been believed to be the basing of 100 of the missiles around some 1,000 shelters in Nevada, a much more modest version of the plan proposed by former President Jimmy Carter which would have spread deployment into Utah as well.

But Governor Robert List of Nevada this week said he was emphatically opposed to having any MXs in his state, and the Administration still appears to be looking frantically at last-minute alternatives.

Air Force planners have been told to examine the possibility of cancelling the present MX missile production programme, and substituting a smaller missile which could not only be placed on aircraft, but which would fit in Navy Trident submarines.

A "common missile" for the Air Force and Navy would bring substantial production savings, it is said. This in turn would give the Administration the leeway to accept cuts by Congress beyond the $13bn already announced.

NASSAU FINANCE TALKS

India angered by Washington's IMF stance

BY DAVID MARSH

INDIA has warned that it will give up efforts to secure a proposed $5.7bn (£3.15bn) loan from the International Monetary Fund, if the U.S. attempts to tighten conditions on the credit.

Mr Shri Venkataraman, Indian Finance Minister, said in Nassau that America's intention to question the terms of the loan—which would be the biggest IMF credit—risked damaging the credibility of the international institutions.

"It has taken time to build these institutions — they could be shattered overnight," he said.

Mr Venkataraman was speaking to reporters at the end of the Commonwealth Finance Ministers' meeting in Nassau.

Signalling a general toughening of U.S. attitudes towards multilateral lending, Mr Donald Regan, U.S. Treasury Secretary, said this week that IMF conditions had become lax, and he would be raising questions about the Indian loan.

Despite Mr Regan's comments, there is still considerable uncertainty over exactly what conditions the Indian Government will be asked to meet before the IMF agrees to the loan.

Officials involved in the loan emphasise that negotiations are still going on, and that no final decisions will be made until the executive board of the IMF meets in October.

Past hints imply that the IMF will not demand devaluation, nor a long list of specific austerity measures.

But there is no indication that conditions will be any more lenient than those imposed on Pakistan when it negotiated a $1.7bn extended fund facility in Novemb last year.

The hard-line U.S. approach on international economic issues has generated considerable resentment in the Third World. This has come to the surface at this week's Commonwealth meeting, and is almost certain to become a major issue at next week's annual gathering of the IMF and World Bank in Washington.

Mr Venkataraman said India did not question the rights of the Fund to impose conditions. But his country, which has recently brought in austerity measures aimed at cutting inflation, was "a prudent manager" of its economy. "We have satisfied the Fund's staff on these matters."

If the Americans wanted to tighten the terms of the credit in the direction of more deflation, then India would abandon efforts to raise the loan and borrow elsewhere.

It was now up to the Fund's executive board, which would be meeting on the matter by October 15, whether the loan would go through. But India did not propose to canvass for support on the board.

Ministers call for more aid to developing world

COMMONWEALTH Finance Ministers closed their meeting in the Bahamas with a call for more development aid coupled with a statement of concern about the impact of high interest rates on the world economy.

In a message aimed particularly at the U.S., the communiqué issued at the end of the two-day gathering urged greater efforts to help hard-pressed Third World nations, through a strengthening in the resources of the International Monetary Fund and the World Bank.

"Political and ideological considerations" should be avoided in the running of the two institutions, the communiqué said. This reflected the distaste of the developing countries about the Reagan Administration's tough policies on multilateral aid.

In a move that could threaten the bullion market, the Ministers suggested that the IMF consider the possibility of resuming sales from its gold stocks. The proceeds could be used, the communiqué said, to subsidise interest payments on fund loans.

The communiqué reflected a more conciliatory line on aid and Third World problems by Britain, which came under attack at last year's Commonwealth Finance Ministers' meeting in Bermuda over its hard-line approach.

Mr Shridath Ramphal, the Commonwealth Secretary-General, said Britain's shift was part of a process of convergence. There had been no stridency or confrontation at the meeting—but he claimed there would have been if the Americans had been present.

Sir Geoffrey Howe, British Chancellor of the Exchequer, made clear the UK's interest in "bridge building" between developed and developing countries.

One other senior member of the UK delegation conceded that part of the reason for the softer approach was because Britain had got fed up with being cold-shouldered at international development meetings.

Costa Rica sweats it out with international bank creditors

BY WILLIAM CHISLETT, RECENTLY IN SAN JOSE

COSTA RICA faces bankruptcy as it meets a group of its international bank creditors today in New York for preliminary discussions on rescheduling its $2.6bn (£104bn) external debt.

Fourteen banks, including Lloyds and Citibank, representing an exposure of just over $1bn out of the total $2.6bn, will talk to Sr Jose Miguel Alfaro, Costa Rican vice-President and Minister of the Economy, and other officials. The coffee-producing country is a democracy and traditionally the most buoyant and stable in turbulent central America. But it is $126m in arrears on unpaid interest and principal.

The International Monetary Fund (IMF) is refusing to pay the first $22m tranche of an urgently needed $330m three year facility signed in June, because the Government has broken the terms of the agreement. This is Costa Rica's third broken IMF agreement in 17 months.

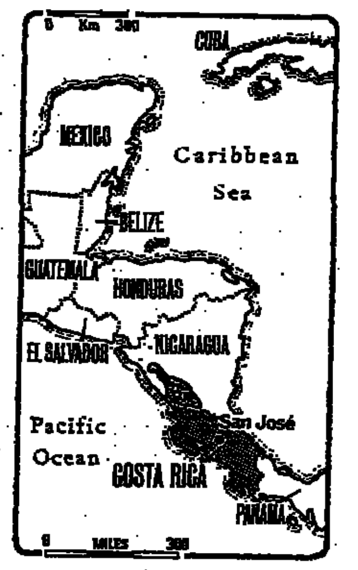
Rising oil prices, high international interest rates, falling prices for Costa Rica's exports—mainly coffee—free spending, and a great deal of mismanagement have brought the country to the brink of bankruptcy. In 1977 an 85 lb sack of coffee produced enough foreign exchange to buy 13 barrels of oil—today it buys less than three.

The centrist Government of President Rodrigo Carazo's only made the situation worse by failing to heed warnings, particularly from the IMF, to stop living beyond its means.

Costa Rica's future is bleak for at least the next three years.

Its Gross Domestic Product, which grew in real terms by 1.6 per cent in 1980 will decline by about 5 per cent this year. The colon, pegged at 8.6 to the dollar until it had to be allowed to float last December, reached 26 on the flourishing unofficial street market last week. Dollar vendors cling to tourists like flies.

Inflation is running at almost twice last year's rate of 23 per cent, but wage increases are minimal. Some 20 per cent of the labour force will be jobless or underemployed by the end of the year, compared to 13.4 per cent at the end of 1980, as companies go out of business or work short time.



President Carazo

Bankers will get little joy at today's meeting. The Government, which recently hired the New York investment house of Lehman Brothers Kuhn Loeb to sort out its mess, will not formally present its rescheduling plan because it is not yet ready. One idea, however, being canvassed by the Government is a five-year rescheduling period for the $244m of short term debt, with the first payment of principal in the third year. A longer period is envisaged for the $788m medium and long term debt.

Costa Rica needs $1.25bn to meet its credit requirements in the last quarter of 1981 and all of 1982—which is more than the total value of next year's exports. Bankers are reluctant to give any commitment on rescheduling until they see a rapprochement between the IMF and the Government to enable the present facility to go ahead or a new one to be drawn up.

The issue is complicated by general elections next February, which are expected to be won by the Social Democratic National Liberation Party (PLN), the major opposition party.

Since the winning party will not take office until May, Costa Rica faces the prospect of a further eight months of uncertainty, in which the economic crisis could worsen under what is effectively a lame duck administration.

IMF is the most important influence in Costa Rica's prospects for economic recovery. But the Government has shown in its relations with the IMF so far that it is not disposed to take the necessary belt-tightening measures in spite of all the commitments it has made.

The Government has not moved to curtail excessive public spending, reduce subsidies, restrict credit and introduce a unified exchange rate in place of the chaotic multiple rate system which now exists.

Sr Carazo announced earlier this month that he would expand domestic credit by the highly inflationary means of printing money. This measure is the exact opposite of what the IMF agreement stipulates.

The exchange rate differential between the banking system (18.9 colons to the dollar) and the street rate (26) is now so high that exporters have been encouraged not to turn in their receipts to the central bank as they are required to do, but to speculate on the unofficial currency market.

If the Government attempts to bring order to Costa Rica's economic chaos, this could unblock the frozen first tranche. Good relations with the IMF could then pave the way for a $240m structural adjustment loan from the World Bank and more U.S. aid.

The dire situation is bound to put a strain on the country's showplace democracy. With other countries in the region like El Salvador and Guatemala undergoing violent revolution, the Costa Ricans, a carefree people, are alarmed. Costa Rica has no army. "All we have to offer is sweat," said a potential minister in the next government.

Rise in consumer price index slows

By Our Washington Correspondent

HIGH MORTGAGE interest costs eclipsed a steadying in food and energy prices to [illegible] creases to push the U.S. consumer price index up by [illegible] per cent in August, the Government reported yesterday.

This was good news compared with the acceleration in the index from a rise of 0.? per cent in June to the 1.2 per cent increase in July. Administration economists took it as confirmation that the economy was back on track towards a permanent inflation reduction.

But inflation at the retail level was still at an 11.? per cent compound annual rate over the June-August period, the Labour Department reported.

The consumer price index has been criticised for giving too heavy a weighting to housing costs, and thus for overstating the "real" inflation level at times of high mortgage interest rates.

But Mr Henry Wallich, governor of the Federal Reserve Board, said yesterday that the "core inflation rate" was still running at an annual 9-9.5 per cent.

He told a bankers' group that he was worried that victory against inflation would be declared prematurely.

Wallich was the sole governor to vote against the central bank's decision this week to cut the surcharge on its discount rate.

Yesterday's inflation [illegible] did not greatly move the financial markets, which see persistent high interest rates as the root cause of continuing inflation and weakening in economic activity, as shown by recent company [illegible].

Senate defies Reagan

WASHINGTON — The U.S. Senate, defying the express wishes of the Reagan Administration and El Salvador's President Jose Napoleon Duarte, voted last night to impose strict conditions on future U.S. aid to the central American country.

Senators voted 54-42 to cut off aid unless the Administration certified every six months that El Salvador was making a concerted effort to prevent violations of human rights, to implement land reform, and to hold early free elections.

The Reagan Administration had sought to eliminate formal conditions for U.S. aid, and President Duarte, now visiting Washington, had appealed directly to the Senate not to impose what he described as unwarranted legislative conditions.

"I hope that the Senate will recognise the conditions as an unacceptable imposition on a Government friendly to the U.S.," he said in a letter to Senator Charles Percy, Senate Foreign Relations Committee chairman.

The vote, which could be reversed later, was taken on an amendment to the 1982 Foreign Aid Authorisation Bill under which El Salvador would receive $40m in grant aid and $25m in arms credits.

In other action on the Bill, the Senate approved amendments earmarking $12.5m in U.S. economic aid for Costa Rica, $5m for Poland, and $5m for Lebanon.

Agencies

Clash over Saudi '$1m for salaries'

By Our Washington Correspondent

SAUDI ARABIA pays the U.S. more than $1m a year to cover the salaries of 38 U.S. Treasury officials engaged in improving bilateral U.S.-Saudi trade, according to a senior Treasury official.

The admission by Mr Marc Leland, Assistant Treasury Secretary for International Affairs, prompted an angry riposte from Mr Benjamin Rosenthal, a House sub-committee chairman, who suggested these Treasury officials "might have their loyalties divided."

Relations with Saudi Arabia are particularly sensitive at the moment. Representative Rosenthal is a prominent Capitol Hill supporter of the interests of Israel, which is opposed to the Reagan Administration's proposed sale of Awacs (Advance Warning and Control System) radar aircraft and other military equipment to the Saudi Government.

Mr Leland saw no conflict of interest in Saudi reimbursement to the U.S. of salaries for the 38 Treasury employees who work on the U.S.-Saudi Arabia Joint Commission on Economic Co-operation, set up in 1974 to help the Saudis procure U.S. goods and invest their oil wealth.

VW to pay for U.S. car repairs

DETROIT — Volkswagen of America officials said the company had reached a consent agreement with the Federal Trade Commission to reimburse owners of 400,000 1977-1981 Volkswagens and Audis with diesel engines for repairs associated with oil filter leaks.

The agreement does not contain any admission of wrong-doing.

Volkswagen said the agreement applies to all Volkswagen Rabbits, Rabbit pick-up trucks, Jettas and Audi 5000s with diesel engines built during the 1977-1981 model years.

European cars, VW said yesterday, are not affected by the filter faults.

Reuter

Better outlook for Jamaica

KINGSTON—The decline in the Jamaican economy over the past eight years has been halted and the basis established for substantially improved economic performance, according to a Government report published yesterday.

The first half-yearly economic and social survey of the National Planning Agency predicted a 1.3 per cent growth in Gross Domestic Product compared to a decline of 5.4 per cent last year.

Reuter

Honduras guerrillas claim bomb attack on congress

TEGUCIGALPA — A leftist guerrilla group has claimed responsibility for an attack on two U.S. military advisers, and a bomb explosion at Honduran Congress, and said it was in protest at forthcoming military exercises by Honduran and U.S. troops.

The Chinchonero Popular Liberation Movement, which earlier this year hijacked an airliner with eight people on board, said in a statement that the attack was an expression of rejection to a forthcoming joint military exercise by the Honduran people.

Recent reports from Grenada: Grenada is to receive assistance from Cuba under a technical and economic co-operation agreement signed this week in Havana, Mr Bernard Coard, deputy Prime Minister and Finance Minister, has announced.

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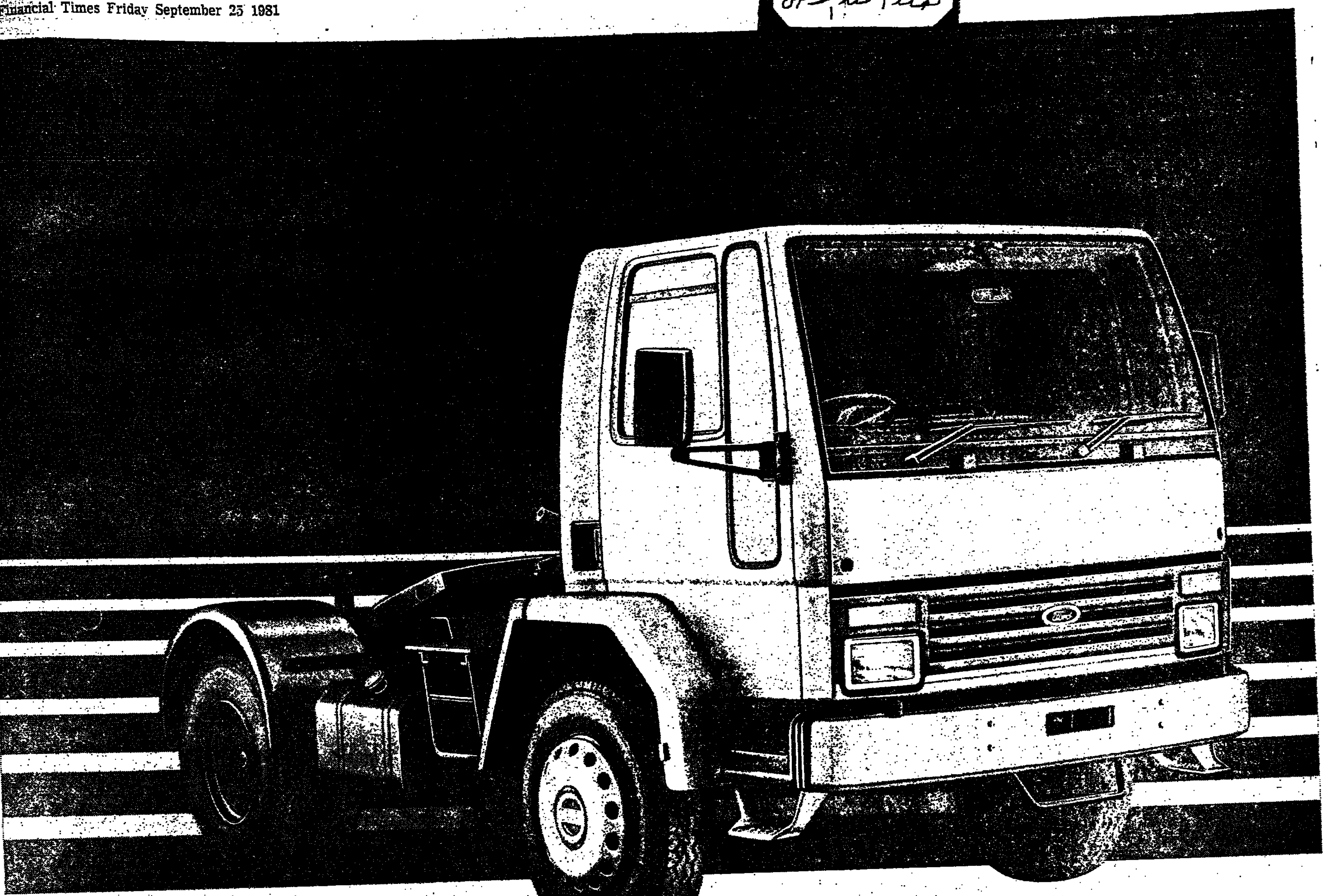

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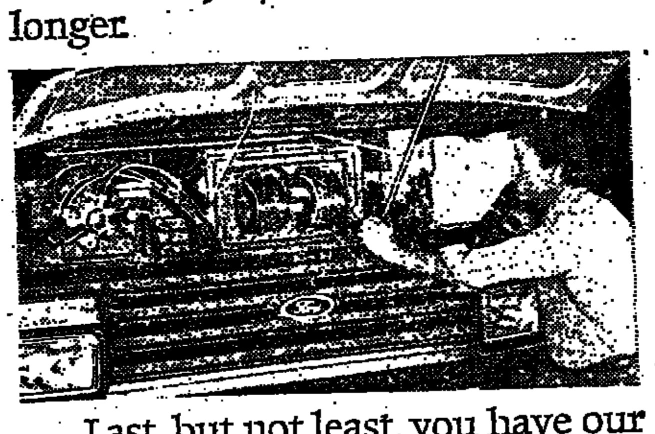

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WORLD TRADE NEWS

Japan is 'open' to EEC ideas on trade imbalance

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE HIGH-LEVEL Japanese economic mission which is to visit Europe next month will focus on long-term rather than immediate solutions to the problem of Japan's European trade imbalance.

However, the mission will "not hesitate to discuss" any ideas that European leaders may have on ways of dealing with the imbalance.

This assurance was offered by the mission leader, Mr Yoshihiro Inayama, in an exclusive interview, yesterday.

The 77-year-old Inayama, who became chairman of Keidanren—the Japanese Federation of Economic Organisations—after a career with Nippon Steel Corporation, is known as an advocate of "harmony" in international trade rather than cut-throat competition.

He believes there should be more industry-level consultations with the EEC like those already under way in the motor industry.

Mr Inayama also says although bilateral trade imbalances are natural within a global free trading system there are occasions when they can "create difficulties for the life of the community."

When this happens "something should be done to adjust the situation," but how to reconcile such adjustments with the principle of free trade "has yet to be worked out."

After last summer's tour of European capitals by Prime Minister Zenko Suzuki had revealed the extent of European antagonism to Japanese trade practices, Mr Inayama found himself with the job of leading an "official" mission whose object will be to launch "a new era" in Japan-EEC economic relations.

Mr Inayama, whose terms as president of the Nippon Steel Corporation coincided with the start of export restraint by the

Yoshihiro Inayama: advocate of harmony

Japanese steel industry to the U.S. and Europe, says imbalances have grown up between Japan and the West because Japan has achieved extremely high productivity levels in "certain" industrial products. Europe still excels in other areas, says Mr Inayama, but not for the most part in products forming the bulk of international trade.

He believes it is natural and reasonable for the Japanese to buy the products they like best. No-one should complain if these products happen to be Japanese. He admits, however, that "we often hear" of barriers against imports which make life difficult for European exporters.

Long-term solutions to the problems of Japan's European trade imbalance favoured by Mr Inayama include more technical interchange between Japan and Europe, more co-operation in selling to third markets and Japanese imports of products in which Europe still maintains a technical lead, such as aircraft and nuclear generating equipment.

Finns win radio order for gas pipeline

By Lance Keyworth in Helsinki

NOKIA ELECTRONICS, a division of the Finnish international company Nokia AB, is to supply telecommunications equipment for the Soviet-West Europe natural gas pipeline. The contract, valued at about FM 50m (£6.2m), will be signed in Moscow on Tuesday. Deliveries will be made in 1982-83.

The order comprises a four-channel radio link line; some 2,000 radio telephones, and telemechanical equipment. It will be used to co-ordinate and direct construction work and transport on the 4,500 km gas pipeline known as the Jamburg natural gas pipeline in the Soviet Union—from Siberia to West Europe.

Western financing for the pipeline has not been agreed but the Soviet order for Nokia is firm. The mobile and semi-mobile telecommunications stations can be used anywhere in the Soviet Union.

Nokia has hopes of a follow-up order which may be double the value of the present one.

AP-DJ writes: Deutsche Babcock, the West German maker of power generating equipment and other machines, said yesterday it had received an order from the Soviet Union for high pressure valves and other fixtures for several power plants.

Industry estimates put the order at about DM 55m (£13m). It was awarded by Maschinoimport, a Soviet trade organisation, on behalf of the Soviet Energy Ministry. Babcock said. The fixtures are to be installed in the second half of next year.

Argentine wine group visits UK

By Jimmy Burns

ARGENTINA is sending a trade mission to Britain this weekend in an attempt to bolster its exports of foodstuffs and wine to the EEC.

The visit, which has been organised by Community officials in Brussels, is led by Sr Roberto Mori, the director general of the Argentine Export Promotion Board and representatives of 16 major companies including Peñaflor, Argentina's leading wine group.

Argentina, the world's fourth largest wine producer, wants to diversify its exports in this field which, until now, has been concentrated on the Soviet Union. Canned fruit, frozen fish and frozen vegetables—a new development in Argentinian agro-business—are among the other main sectors represented in the mission.

Soviet Union and Sweden agree to boost business

BY WESTERLY CHRISTNER IN STOCKHOLM

SWEDEN and the Soviet Union yesterday signed a new type of bilateral agreement geared to doubling the present value of trade between the two nations to SKr 10bn (£1bn) from 1981 to 1990.

Mr Yuri Brezhnev, First Deputy Minister of Foreign Trade and son of the Soviet President, led the large Soviet delegation. The trip culminated in the signing of a "programme for economic and technical-scientific co-operation." The delegation is scheduled to leave Sweden tomorrow after a six-day visit.

The 1981-90 programme supercedes one which was supposed to be in force from 1975-1985 at the insistence of the visiting delegation, according to one Swedish Government official, who also said the Swedes are sceptical about the chances of the SKr 10bn goal being met.

"The Russians have been reducing the types of exports Sweden wants (mineral products) while they are placing more demand on us to take their other products," the official said.

Sweden has been taking deliveries of Russian crude oil but these have been reduced from the beginning of last year.

"There has been some disillusionment over the past few years but the potential for increasing trade still exists," Mr Nils G. Aasling, Sweden's Minister of Industry, said, following the official signing.

Mr Aasling paved the way for Sweden to take part in the

Yuri Brezhnev: delegation leader

planned Soviet natural gas project when he led a delegation to Moscow last autumn.

A study on the feasibility of the Swedes taking part in the project is being jointly co-ordinated by Swedegas, a state-owned energy company, and Finland's Neste Oy. However, it is generally acknowledged the Swedes do not intend to get involved in the project, largely because of financing problems.

UK 'can double or treble trade'

By Elaine Williams

MR PETER WALKER, UK Agriculture Minister, said yesterday that trading prospects with Brazil and Argentine looked brighter following agreements to foster trading relationships.

Mr Walker, returning from a 10-day trade mission to the two countries, said there had been detailed talks on increased agricultural co-operation. He urged businessmen to take advantage of Brazil and Argentina's willingness to increase two-way trade.

Britain had lacked determination to attack their markets. "For nearly 40 years, we have had a declining share of their markets at a time when their economies had expanded and developed out of all recognition," Mr Walker said.

"Our share of the market is at such a low ebb that with effort we could double and treble our trade with them."

Peter Walker: call for effort

Talks with Iran resume

BY OUR TOKYO CORRESPONDENT

JAPAN AND IRAN will resume discussions this weekend on the future of the $3.5bn (£1.9bn) petrochemical complex at Bandar Khomeini where work has been halted by the Iran-Iraq war.

The talks will be "exploratory" and are not expected to end the deadlock on who should pay additional costs caused by war damage and construction delays. They will be led, on the Iranian side, by Mr. H. Dabiri, president of the Iran-Japan Petrochemical Company, the joint venture company responsible for carrying out the project.

Mr. Dabiri left Tokyo for Tehran yesterday and is expected to spend two weeks in Tokyo meeting officials of Iran Chemical Development Corporation (ICD) the Tokyo-based investment company set up to look after Japan's interests in the project. ICDC's major shareholders are Mitsui and Company and four other members of the Mitsui group.

The Mitsui Group, which has spent an estimated Y250bn (£600m) on the project to date, said last April it was suspending further investment pending renegotiation of the basic contract under which the Japanese and Iranian sides are to share the costs equally.

Future grim as tanker scrapping mounts

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THOSE LUMBERING giants of the world shipping industry, the supertankers, have been having a black year. Already in 1981, nearly 30 VLCCs (very large crude carriers) have been sold to scrapyards for only a few million dollars each.

Another 10 or so are expected to go before the year is out, but the acute tonnage surplus on the depressed oil markets is coming down far too slowly for the industry's comfort.

On a conservative estimate, there are still between 100 and 150 VLCCs too many. Pessimists argue, more extremely, that the total VLCC fleet of around 700 ships will have to be nearly halved before a sustained recovery can start.

Both views are set out in a recent study by the Oslo-based Intertanko, the International Association of Independent Tanker Owners. Even on the moderate assessment, it says, recovery would not be before 1984.

If the opinions of the pessimists are accepted, however, and assuming around 40 VLCCs (tankers over 200,000 deadweight tons) continue to be sent to the shipbreakers each year, "we will have to wait eight years for the recovery."

The country demolishing the most tankers is Taiwan, which has taken about 20 this year. Some way behind are South Korea, which has bought three VLCCs, and Pakistan.

But the increasing desire of owners to sell tankers for scrap has coincided with a fall in steel output and prices. Also, the knowledge that more tankers will have to be sold as stringent international anti-pollution requirements come in soon has softened the market as well.

Thus, notes the John I. Jacobs shipbroking company in its latest World Tanker Fleet Review, the scrap price for a first generation VLCC—built 10 years ago or more—had fallen to $4.3m in June from nearly $6m in January.

It argues strongly for the establishment of scrapping facilities in Greece which has a large shipbuilding workforce—"not exactly under pressure at present"—and in whose waters 47 tankers were laid up in June totalling 6.6m dwt.

Compared with steel from iron ore, steel produced from scrap needs only about 40 per cent of energy input. "But," says Jacobs, "if there is no financial inducement to encourage its use, the scrapping industry will remain relatively small and labour intensive, confined to such countries which can use rerolled steel."

The reasons for the malaise in the tanker business have been fairly well publicised. Apart from the oil glut, as recession has weakened oil demand, they include the fall in Middle East oil production and rising shipments from areas like Mexico, Alaska and the North Sea which are nearer to major markets.

To try to accommodate the vast surplus of tonnage, tanker owners have resorted to a variety of stratagems, notably slow steaming and use of ships for storage. Japan's storage programme uses 30 VLCCs and Intertanko reckons another four or five will be chartered for this purpose.

The total world fleet of VLCCs is nearly 190m dwt, of which over 100m is owned by independent operators. It is they rather than the oil companies which have been scrapping the most tonnage.

In the first eight months of 1981, independent owners scrapped over 5.1m dwt, or 61 per cent of the total, points out H. P. Drewery (Shipping Consultants) in a new study on scrapping.

Since the profitability of independently-owned tankers would be worse affected by the market slump than that of oil company tonnage, more geared to transporting oil products for the group than making an acceptable investment return, Drewry did not find this pattern too surprising.

Nonetheless, the big oil companies, which account for nearly a fifth of total tanker tonnage of 321m dwt, have been busily shedding surplus tonnage. The dismal state of the market was highlighted in late June when both British Petroleum and the Dutch end of Royal Dutch/Shell announced plans to sell more tankers.

"It's very difficult to be other than gloomy," commented Mr Richard Tookey, marine co-ordinator for Shell International Petroleum, not long after this news.

Altogether, 87 tankers of various sizes totalling nearly 8.5m dwt were scrapped between January and August, including over 3 per cent of the VLCC fleet. In an industry plagued by chronic oversupply of tonnage, concludes Drewery, "an ambitious scrapping policy is a harsh but necessary medicine before any sort of market balance can be reached."

BASE LENDING RATES

A.B.N. Bank	14 %	■ Guinness Mahon	14 %
Allied Irish Bank	14 %	■ Hambros Bank	14 %
American Express Bk.	14 %	Heritable & Gen. Trust	14 %
Amro Bank	14 %	■ Hill Samuel	§14 %
Henry Ansbacher	14 %	C. Hoare & Co.	†14 %
■ Arbuthnot Latham	14 %	Hongkong & Shanghai	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	14½%
Banco de Bilbao	14 %	Langris Trust Ltd.	14 %
BCCI	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	Mallinhall Limited	14 %
Bank of N.S.W.	14 %	Edward Manson & Co.	15 %
Banque Belge Ltd.	14 %	Midland Bank	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Samuel Montagu	14 %
Barclays Bank	14 %	■ Morgan Grenfell	14 %
Beneficial Trust Ltd.	15 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Bristol & West Invests.	15 %	P. S. Refson & Co.	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	15 %
Canada Perm't Trust	14½%	Standard Chartered	‖14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	TCB Ltd.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
Citibank Savings	¶13 %	Whiteaway Laidlaw	14½%
Clydesdale Bank	14 %	Williams & Glyn's	14 %
C. E. Coates	14 %	Wintrust Secs. Ltd.	14 %
Consolidated Credits	14 %	Yorkshire Bank	14 %
Co-operative Bank	*14 %		
Corinthian Secs.	14 %		
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Grindlays Bank	‡14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.5%, 1-month 11.75%. Short term £4,000/12 month 14.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12% and over £50,000 12½%.
‡ Call deposits £1,000 and over 11.5%.
§ Demand deposits 11½%.
‖ 21-day deposits over £1,000 12½%.
¶ Mortgage base rate.

Girling in anti-skid brakes challenge

By John Griffiths

AN ANTI-SKID braking system developed by Lucas Girling for passenger cars could cost "much less" than rival systems now offered on West German Mercedes and BMW cars, the company said yesterday.

Lucas Girling said interest already shown by more than one leading manufacturer should develop into firm business by next year.

Mercedes and BMW are the only ones to offer anti-skid systems as standard on some top-range cars and as an option on some other vehicles.

Apart from allowing a car to stop much more quickly in an emergency, they also allow the car to be steered even under maximum braking. As such, they have been widely acclaimed as a safety advance on a par with the seatbelt.

But they are expensive — Mercedes charges £830 for its Wabco-developed system when fitted as an option and BMW £854.

Lucas Girling says that while it would initially expect its own system to be fitted to executive-class cars, "we have the capability to engineer a cost-effective system for any car. It is now up to the manufacturers."

The company first developed such a system in 1973 when it underwent trials on Jaguars. Lucas was preparing to tool up for production when the oil crisis struck and the project was abandoned as too expensive.

But in the last 18 months it has intensified development of a lightweight system fully controlled by microprocessors.

City awards prize

THE CITY Corporation's prize committee has awarded the Midsummer Prize for 1981 to Professor Christopher Brooke, Dixie professor of ecclesiastical history and fellow of Gonville and Caius College, Cambridge, who has written several books on London's historical development.

The prize, worth £1,500, aims to reward "a British artist, sculptor, musician, writer or person of learning in literary or cultural matters who, in the opinion of the committee, has made an outstanding contribution to the cultural life of the nation."

NHS cash and manpower controls too lax, say MPs

BY GARETH GRIFFITHS

MANPOWER planning and auditing policies within the National Health Service were criticised in a report by the House of Commons Public Accounts Committee published yesterday.

The committee, which looked at financial control and accountability in the NHS, doubts whether the largely devolved system of control in England has ensured that the numbers of staff employed have been limited to those strictly necessary to meet the NHS's objectives.

The report argues that the changes in NHS organisation next year will make detailed scrutiny of accounts more difficult and wants the Department of Health and Social Security to reconsider the situation whereby the regional and area health authorities have separate internal audit organisations.

The committee says that in view of the important monitoring role of the regions this should change.

But the MPs reserve their main criticism for NHS manpower planning. The NHS employs some 930,000 full time equivalent staff and is the largest employer in the UK. But the report says there is need for more detailed controls over manpower planning instead of leaving it to a system of cash limits as at present.

The refusal by the DHSS to introduce comparisons between regions is highlighted as "reflecting an absence of proper control." Staff inspection teams at a central DHSS level should be used to check on staff levels. The review exercises by local management are dismissed as a totally inadequate substitute.

The committee has been in favour for some time of transferring responsibility for appointing auditors for the health service from the health minister to the Comptroller and Auditor General—Parliament's watchdog on public spending.

The report repeats this call and is worried that with reorganisation downwards, the DHSS accounting officers will find it more difficult to reconcile Parliamentary accountability for health spending with the greater delegation of day to day management decisions to the health authorities.

● A management accounting system introduced at the Stationery Office in 1978 has proved more difficult to implement than originally thought, the Public Accounts Committee said yesterday in a report on Stationery Office trading operations.

Committee of Public Accounts 16th Report. Her Majesty's Stationery Office Trading Operations. Price £3.30. House of Commons Paper 370. Committee of Public Accounts 17th Report. Financial Control and Accountability in the National Health Service. Price £7.25. House of Commons Paper 255.

Cuts hurt mining equipment makers

NCB orders are down and 6,000 jobs lost, Hazel Duffy reports

WHEN the National Economic Development Office sector working party on mining equipment met yesterday it was told that employment in the industry fell by 12 per cent—about 6,000 jobs—between last October and this July.

For an industry which has been viewed by the Government and the City as one of the bright spots in the demoralised engineering sector, these figures are a sad summary of what has happened over the past year.

Furthermore, it was clear from the speech made by Sir Derek Ezra, National Coal Board chairman, in Selby, Yorkshire, on Wednesday, that the prospects for the coming year are almost as painful as they have been for the past.

Sir Derek did not give figures on the extent of the cuts in mining equipment purchases—in total capital expenditure, he put 1981/82 spending at £715m, which is £86m down in real terms on last year.

The mining equipment industry, however, says that its orders from the NCB have been reduced by between 25 and 30 per cent. For an industry which sells about 50 per cent of its output to the NCB, its sole domestic customer, the effects have obviously been serious in terms of reduced employment and profitability.

The first intimations of the problems came last autumn, when NCB cuts in equipment purchases were about 10 per cent. Then came the request from the NCB for the equipment industry to delay deliveries due in January until the spring (the NCB's new financial year), which caused severe cash flow problems for the manufacturers.

It is normal practice for the NCB and the equipment suppliers to begin a series of meetings several weeks before the start of a financial year at which the NCB gives a broad indication of its purchasing requirements. At this year's meetings it was clear that 1981/82 would be a difficult year.

Joint delegations from the industry and the NCB went to see Sir Keith Joseph, the then Industry Secretary, in January to express their concern. The threatened miners' strike and the Government's capitulation on NCB cash limits followed.

Part of the extra £200m permitted to the NCB was set aside for equipment purchases. But the industry says it has seen little in the way of orders to confirm this.

Most of the money, has been used to subsidise coal prices to its major purchaser, the Central Electricity Generating Board, which was threatening to increase its purchases of cheaper imported coal, and to prolong the life of uneconomic pits.

The NCB says this is the first year since the inception of its ambitious modernisation and expansion programme, enshrined in the 1974 Plan for Coal, that it has had to cut investment.

The equipment manufacturers believe that they cannot expect much, if any, improvement over this year's spending levels. With their base demand seriously eroded for at least another year, they must look to increasing their exports if they are to avoid further redundancies and plant closures.

The export potential of this industry in the light of the world's renewed interest in coal is one of its major attractions. Britain's experience in the deep mining of coal has led to the development of a specialised equipment industry which has become highly export oriented.

Major companies like Dowty and Anderson Strathclyde have factories in the U.S., one of the major markets, while the industry's success in gaining huge ordesr from China a few years ago demonstrated the potential in developing countries.

Exports of mining equipment in 1980 totalled £128m against £182m in 1979. If the value of the China orders is excluded (£26.5m in 1980 against £95.7m in 1979), exports went up.

China looks increasingly unlikely to go ahead with the new coal developments that had been planned, however, so the industry must look to other areas such as India, South Africa and Australia, as well as the U.S.

Britain's major export competitor in deep mining equipment is West Germany, which exports about twice as much as the UK, although the industries are about the same size. The German industry has had an undoubted advantage over the past year in the weakness of the D-mark against the dollar, but the greater export success of the Germans over a number of years is a disturbing factor in the British industry's chances of finding alternative markets to the NCB.

Exports have certainly not been sufficient in the past year to compensate for the NCB's cuts.

In the longer term, the strength of the mining equipment industry depends substantially on the purchasing power of its main customer.

The major manufacturers — Dowty, Anderson Strathclyde and Gullick Dobson — can weather the storms, as can many of the smaller companies.

But already some of the subcontractors have gone out of business, and there must be increasing concern about the industry's ability to win major export orders if its structure is forced to shrink further.

Record trade expects slight upturn

BY JAMES McDONALD

IN A RARE burst of qualified optimism the British Phonographic Industry—the organisation which represents most manufacturers in the £250m a year record and tape industry—says that deliveries to the trade in the second quarter of this year give "a more promising picture than has been evident for some time."

The figures do not yet indicate an expanding market in real terms, adds the BPI, but "it seems that UK sales have just about reached their lowest level in the current recession, and some modest recovery can be expected during the course of the next 12 or 18 months."

The organisation, however, repeats its warning that at least one-third of the industry's potential market will remain lost to home taping activities—either from borrowed records or from the radio—until some protection is given to copyright owners.

In the April to June quarter 17.9m single discs were delivered to the trade, 9.2 per cent more than in the second quarter of 1980, and the value, at £12.4m, was nearly 27 per cent higher. In the year to the end of June sales of singles totalled 79.1m units, valued at £54.1m, compared with 78.8m units, with a trade value of £48.5m in the previous 12 months. "This is especially surprising in view of the high total of youth unemployment," says the BPI.

Sales of LPs in the second quarter, at 11.2m discs, were only 1.9 per cent lower than in the same period of 1980. In the year to the end of June, sales of 65m units, worth £144.4m, compared with 9.6m units, worth £152.4m, in the year to mid-1980.

The total value of all trade deliveries in the year to the end of June, of discs and prerecorded tapes, was £252.5m, compared with £251.1m in the previous 12 months.

IMI opens language courses to outsiders

BY LORNE BARLING

IMI, THE Midlands-based metals group, is offering foreign language courses to other companies, based on a successful in-house training scheme.

IMI said many companies found it uneconomical to operate language courses for a limited number of people, so it was opening up its own scheme to outsiders. Discussions had taken place with BL, Delta Metals, Courtaulds and Cadbury-Schweppes.

The training method, developed by Euro-Lang Tapes, allows businessmen to learn a language in only one or two days a week away from their jobs.

It involves private study, use of tapes and tuition. Initially two courses in both French and German will be held, at a cost of £225 for the first and £500 for the second.

Drunkenness cases cost £14m a year

By Gareth Griffiths

THE COST of processing drunkenness cases in England and Wales through the courts each year is some £14m, according to the Out of Court organisation which is campaigning for alternatives to fines and imprisonment for drunkenness offenders.

Lord Donaldson, the chairman of the group, which is supported by senior policemen, said the vast majority of people who appeared in court on drunkenness related charges did so on a charge of simple drunkenness or for being drunk and disorderly.

He said the position was particularly serious as the prison population was growing. In 1980 there were 125,000 offences of drunkenness in England and Wales, an increase of 4 per cent over 1979.

Building crafts register launched in 47 counties

BY JAMES McDONALD

Owners of thatched cottages who have to wait a year or more for the services of a thatcher, if they can discover one, may find it hard to believe that there are still 168 active thatchers in England and Wales.

This is revealed in the first National Register of Conservation Craft Skills in the Building Industry, launched in London by the Crafts Council. The register contains the names of 900 companies and craftsmen in England and Wales able to undertake specialist work on historic buildings.

The register has been organised jointly by the Crafts Council's conservation section and county planning departments. Forty-seven of the 54 counties of England and Wales have joined in the scheme. Its purpose is to provide a source of information for both owners of historic buildings and the architects involved with their repair and maintenance.

Each county planning department holds its own local register. A copy of all the county registers is held by the Crafts Council.

The register will not be published. Inquiries should be made initially to local county planning departments. If a craftsman is not available locally then the Crafts Council will supply the name of someone operating in a neighbouring area.

A leaflet giving county addresses is available from the Crafts Council, Conservation Section, 12 Waterloo Place, London, SW1.

Manchester's airport traffic a record

By Lynton McLain

A RECORD 665,845 passengers used Manchester International Airport in August, 16 per cent more than in August last year and an increase of 10 per cent since January, the airport said yesterday.

Aircraft movements also increased in August and were 11 per cent up on the corresponding month last year.

Most of the increased traffic at Manchester airport was accounted for by inclusive tour and charter flights, which rose by a quarter compared with August 1980.

The latest record figures come on top of the successful growth in traffic at the airport last year, when passenger traffic rose by 26 per cent.

UK NEWS

Cable-maker shuffles into a new industry

BICC's successful £38.5m bid for the U.S. electronics company Sealectro takes it a step nearer its declared aim of making the fast-growing electronics sector a significant part of its business.

This year electronics will account for only about 4 per cent of the cable-making and construction group's expected turnover of about £1.4bn. The aim is to make its electronics side big enough for BICC's expansion to be significantly affected by the growth of the electronics industry.

If BICC succeeds, it is expected that by the end of the decade about 25 per cent of its turnover will be in electronics.

For some time BICC's declared strategy for the future has had three main planks, one to improve the efficiency of what it calls its "cable heartland," with sales of nearly £450m last year; second to expand its international business; third to supply components to the electronics industry.

The purchase of Sealectro is the latest and largest of a series of acquisitions of small companies in the past two years. Unless BICC finds a particularly attractive company it is unlikely to buy more in the near future, though it could be expected to acquire other electronics companies within five years.

With Sealectro, turnover in electronics will be £100m next year. There is a further £95m of sales of cables to the electronics sector for computers and aircraft wiring.

JASON CRISP analyses BICC's ambitions in electronics/production after its purchase of Sealectro

BICC has chosen which part of the electronics industry to tackle with care and proceeded cautiously. As one analyst put it: "It is shuffling into the electronics industry, rather than leaping in."

The intention is to become worldwide supplier of components to the electronics industry and so benefit from its overall growth while avoiding becoming too specialised or limited.

It is avoiding high technology areas, such as semi-conductors, because of high entry costs into new markets and because it is too far away from the company's present skills.

The electronics division headed by Mr Gordon Page is rapidly becoming the largest part of BICC Industrial Products which has sales of £187.5m and is responsible for BICC's UK manufacturing other than cables. The other two divisions in BICC Industrial Products have been badly affected by the recession.

The first significant electronics acquisition was in 1979 when it bought Vero, a UK manufacturer of printed circuit boards and electronics racking equipment.

Earlier this year BICC bought Boschert, a Californian company making electronic switching supply units. This month it bought the 50 per cent stake which Burndy held in the joint venture in the UK BICC-Burndy, which makes low-frequency connectors.

Transmitton, which produces control and monitoring equipment, was bought in 1976.

Sealectro, in New York state, makes connectors for high-frequency applications.

Wealdway opening walk

THE OFFICIAL opening of the 80-mile Wealdway, Britain's latest long-distance footpath, will be celebrated by two groups of Long Distance Walkers Association members on Sunday.

Starting at either end of the Wealdway, one will walk a little under 45 miles and the other a little over 35. Both will arrive in time for the 3 pm opening ceremony at Camp Hill, Ashdown Forest's highest point. The walk has been organised by the Kent branch of the Long Distance Walkers Association.

Government asked to boost British Technology Group

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE British Technology Group has asked Mr Patrick Jenkin, the Industry Secretary, to provide it with a substantial lump sum of Government funds to launch it as a catalyst for technological innovation in industry and public-sector research establishments.

Sir Freddie Wood, chairman of the group, which covers the National Research Development Corporation and the National Enterprise Board, made this requests when he met Mr Jenkin earlier this week.

Although no precise figures were discussed, Sir Freddie, who is chairman of Croda, wants between £100m and £200m as a lump sum.

The group would then be required to make its own way, producing profits within a few years. The precise amount required would depend on whether the group was allowed by the Treasury to keep all the proceeds from sales of its investments.

This idea will be discussed in the coming months when the Industry Department considers ways of modifying the NRDC's and NEB's financial arrangement and guidelines in the light of their operations being combined earlier this year.

Mr Jenkin is likely to decide that he cannot make radical changes in the financing arrangements until legislation is passed formally merging the organisations.

Until then the NRDC will continue to operate, as it has done for some years, on its own income of some £20m annually, while the NEB will receive £40m to £50m, dropping soon to about £30m a year from the department.

The NRDC report for 1980-81, published yesterday, shows that it made an operating surplus before tax and interest of £5.5m compared with £9.7m in 1979-80.

Though income rose by £2.8m to £21.9m, the amount set aside for amortisation of projects in universities and industry rose to £8.5m from an unusually low figure of £2.8m the previous year. After tax and interest the surplus was £4.1m.

Increasing demand from companies for financing help meant that NRDC business expanded in spite of the recession. New investments increased from 157 in 1979-80 to 161. Total projects being handled rose from 608 to 699, a record figure.

Of the 699 there are 320 with industrial companies and 379 licence arrangements for inventions from universities and other public-sector organisations.

Net investment in development projects was £12.5m, against £8.8m in 1979-80.

The merger of the NEB and the NRDC has led to some public criticism. Yesterday Sir Freddie denied that there had been an "NEB takeover." Mergers were often opposed by the people involved, he added, but usually proved advantageous within a year or two.

Both he and Mr Brian Willott, chief executive, denied that the merger group planned to abandon the project finance type of arrangements in which the NRDC specialised in favour of equity funding operated by the NEB.

In the year the NRDC used the Small Company Innovation Fund, set up last winter to provide up to £50,000 for small innovative businesses, it backed 14 new ventures.

● The British Technology Group has launched an academic enterprise competition for academic researchers setting up new companies based on their own work. Prize money will total £130,000 for the best business propositions.

Consortium will compete against Telecom

By Guy de Jonquieres

THE INDUSTRY Department said yesterday it hoped to approve soon plans by a Cable and Wireless consortium to launch an independent business communications service in competition with British Telecom.

But Mr Kenneth Baker, the Department's Minister responsible for information technology, said in London that several points of detail had still to be settled with the consortium and with British Telecom before a licence could be issued.

Before the new service can start, it must receive permission from the Home Office to use the radio frequencies which it needs to link customers in city centres.

The project's backers are also pressing for authority to connect the service to British Telecom's network in the UK and to extend the system overseas, initially to the U.S.

The consortium, which also includes British Petroleum and Barclays Merchant Bank, plans to build its own network by laying optic fibre cables in ducts along British Rail track.

Heseltine plans new curb on overspending councils

BY ROBIN PAULEY

ANY COUNCIL which fails to win electoral support for expenditure once it has passed a centrally determined level in any year will not be allowed to fix its own rate the following year.

This major additional curb on local councils' financial autonomy was announced to the joint local authority associations' conference in Torquay yesterday by Mr Michael Heseltine, *Environment Secretary*.

The meeting erupted with shouts of protest as Mr Heseltine told council leaders that in such cases his personal approval would have to be obtained before a rate could be fixed.

After a long debate yesterday, the Cabinet approved Mr Heseltine's plans for legislation which will get priority in the Queen's Speech. However, his preference, with Treasury backing, for the dissolution of a council and a new election to endorse spending levels when it wants a second supplementary rate was defeated. Instead, councils will have to hold mandatory referendums.

The amount a council can raise in its main rate call will be limited to the sum required to reach expenditure a fixed percentage above the amount the Government thinks that council needs to spend to provide a standard level of services.

Extra spending will have to be raised in a supplementary rate. This would be limited and would operate to give a bias in favour of commercial and industrial ratepayers.

If further cash is needed, a second supplementary rate must be called as soon as possible after October 1, also with a bias to protect commerce and industry.

But first a referendum must be called. If the council wins the vote it can levy the full second supplementary. If it loses it will have to agree with Mr Heseltine the necessary short-term borrowing to finance "such reduced level of expenditure as is practicable for the remainder of the financial year and secure temporary borrowing approval." It must then return to Mr Heseltine

A consultation document will be issued on the proposals next week.

Since last June 258 authorities had made savings of £202m. But this was offset by increases of £208m by 51 authorities, and 80 per cent, or £167m, of this was by only three authorities.

Mr Gerald Kaufman, Opposition environment spokesman said yesterday that an incoming Labour government would repeal the legislation together with the recent block grant legislation.

Sir Raymond Pennock, president of the Confederation of British Industry said "This is a vital move which will help limit the burden on costs falling on industry at a time of very low profitability.

Mr Bill Rankin, deputy general secretary of the 800,000-strong National and Local Government Officers Association, said: "The problem is not the rates, but the way the Government is using the rate support grant system to enforce massive cuts and to penalise those councils determined to preserve their services."

Growth in air traffic may slow

BY LYNTON McLAIN

A SHARPLY reduced rate of expansion of air passenger transport to and from British airports was forecast yesterday by the Government.

The figures it published seem to rule out the need for a third London airport built on a green field site, at least until the 21st century.

The Government nevertheless still intends to go ahead with its plans to expand the existing airport at Stansted, Essex into the third main airport for London.

The public inquiry into the plans to expand Stansted from its present capacity of 1m passengers a year to 15m a year by the mid-1980s starts at Quendon Hall, near Saffron Walden, Essex on Tuesday.

However, the latest Government forecast rule out "for the foreseeable future" the Trade Department said yesterday the need to expand Stansted to a capacity of 50m passengers a year, more than the current combined total of Heathrow and Gatwick airports.

The Government, however, is to continue with its plans to allow the British Airports Authority to buy approximately 1,500 acres of land at Stansted for the expansion to 15m passengers a year capacity.

The latest Government figures were prepared by the Air Traffic Forecasting Working Party of the Trade Department. They show a substantially more pessimistic view of the likely rate of expansion of air traffic in Britain to the end of the century.

The figures show a marked decrease in the expected volume of air passengers compared with the previous Government forecasts, which formed the basis of the strategy to develop Stansted as London's third airport.

In the London area, the latest forecasts show a drop of almost 20 per cent in the low-growth case by 1995. Between 55m and 61m passengers were expected to use the London airports in 1995 according to the earlier forecasts, compared with the latest estimate of between 44.5m and 50.9m passengers.

Nevertheless, growth is still expected in the total volume of air traffic in Britain. Taking 1979 as the base year when 56.6m passengers used Britain's airports, the total demand is expected to rise by 50 per cent to 84.1m by 1995, in the low growth case, or two-fold in the high growth case to 126.2m.

Department of Trade, Report of the Air Traffic Forecasting Party, 1981, September 1981.

Tory group to seek major shift in policy

By Elinor Goodman

MRS MARGARET THATCHER faces a highly embarrassing challenge to her policies from within the Tory Party on the eve of next month's Conservative Party Conference.

A group of 12 leading young Tory MPs will publish a pamphlet calling for a major shift in the direction of Government policies.

The pamphlet, pointedly entitled Changing Gear, describes the policies which the group claims are fundamental to winning the next election.

It says that some degree of reflation is essential and that the Government must allow public-sector borrowing to increase.

It calls for extra aid for young people and selective help for industry, and urges the Government to embark on major capital spending projects such as a Channel Tunnel.

The proposals are couched in terms of "constructive" advice on how to win the next election. But they clearly imply criticism of Government policies to date.

The main thrust is that if the Government continues on its present path it will lose the election.

Among the authors are Mr William Waldegrave, promoted in last week's Cabinet reshuffle to become a junior minister at the Department of Education, and Mr Michael Ancram, chairman of the Scottish Tory Party.

Almost all the 12 are younger MPs on the left of the party who came into Westminster at the last election, and have met since as a group in the "Blue Chip" private dining club.

The group has, with Conservative Central Office's knowledge, been preparing the pamphlet for several months.

But its publication comes when Mrs Thatcher faces other threats to party unity, and when morale in the party is very low indeed.

Westminster was full of rumours yesterday that discontented MPs had been meeting to plot Mrs Thatcher's overthrow by putting up a challenger against her for the leadership next month.

The Prime Minister's reshuffle has appalled many left-wing Tory MPs, and some have been half-seriously sounding out colleagues about the possibility of sponsoring an alternative Leader.

But the general view of strategists on the Tory left was that this could not succeed and would be counter-productive. The authors of Changing Gear were particularly anxious to distance themselves from suggestions of a coup.

But Mrs Thatcher faces challenges when she would most like to present the image of a united party. Sir Ian Gilmour, who after he was sacked last week warned that the Government was heading for electoral disaster, will speak at a fringe meeting at the Blackpool conference next month. Mr Edward Heath is also expected to renew his attack on the Government there.

● Mr David Howell, the Transport Secretary, has been given a permanent place on the Cabinet's important Economic Committee, chaired by the Prime Minister.

Oil groups unite in bid for British Gas share of Wytch Farm

BY SUE CAMERON

A GROUP of independent British oil companies has formed a consortium to bid for the British Gas Corporation's half-share in the Wytch Farm oilfield in Dorset.

The Government is forcing British Gas to sell its stake in Wytch Farm—estimated to be worth about £200m—and bidding is expected to start in earnest at the end of October.

The newly-formed consortium consists of six independent companies: London and Scottish Marine Oil with a 37.5 per cent interest; Ultramar Exploration with 34 per cent; Clyde Petroleum; Premium Consolidated Oilfields and Carless, Capel and Leonard, each with 7.5 per cent and Gas and Oil Acreage with 6 per cent.

The new consortium is likely to have to bid against some of the world's largest oil companies. British Petroleum—which already has the other 50 per cent stake in the field—and Shell and Conoco are all expected to put in offers.

But last night the new consortium stressed that the Government's stated policy was to encourage the further development of an independent British oil industry. It believed this could increase its chances of getting the Wytch Farm half-share and it added the field would not necessarily go to the highest bidder.

The consortium said all its members had some experience of onshore drilling. It would be prepared to take over from British Gas as operator on the field although it might be more logical for BP to become operator.

An order requiring British Gas to dispose of its Wytch Farm stake has already been laid before Parliament and this will take effect at the end of next month. The corporation then has to decide exactly how to arrange the sale.

British Gas fought hard to hold on to its interest in the oilfield, which has estimated reserves of about 100m barrels—equivalent to a small North Sea oilfield.

Ray Dafter, Energy Editor writes: "A group of onshore oil and gas exploration companies — many of them independents — have formed an informal association. They plan to meet regularly to discuss common problems relating to drilling on land, although they have decided not to establish a formal representative body like the UK Offshore Operators Association."

Consumption of energy shows signs of growth

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITAIN'S consumption of energy, which has fallen continually since late 1979, is starting to show tentative signs of growth.

Latest Government figures show that, on a seasonally adjusted and temperature corrected basis, consumption hit a low point in April this year but rose in each of the three subsequent months.

In April, the UK was using energy at a rate of 304m tonnes of coal equivalent a year. But by July this had risen to 327m tonnes, according to Energy Trends, the Energy Department's monthly statistical bulletin.

On both actual and seasonably adjusted bases the UK is still consuming less energy than it did last year—but the gap is narrowing rapidly.

Energy consumption in the three months from May to July was 4.1 per cent lower than in the same period of 1980, with oil use down 8.4 per cent and coal 3.3 per cent.

Total UK deliveries of oil products in the May-June period were only 15m tonnes, a drop of 7.3 per cent, compared to the same period in 1980.

At the same time production of oil from the North Sea rose by 7.9 per cent meaning that Britain was producing some 40 per cent more oil than it needed for self-sufficiency.

Mackie of Belfast to lay off 800 workers

THE BELFAST textiles machinery manufacturers, James Mackie and Sons, is to pay off 800 workers by the end of this year.

The company blamed the world recession in textiles and said the demand for machinery had dropped as a result. High interest rates and the strength of the pound were also blamed.

The company said it expected to keep the remainder of its workforce intact throughout next year. The pay-offs will reduce Mackie's labour force to 2,500, including management and administrative personnel.

Fort William paper mill to expand

WIGGINS TEAPE said it will invest £2.2m at its Fort William paper mill in the Scottish Highlands to increase yearly output of fine and speciality papers by 15,000 tonnes to 65,000 tonnes by end-1982.

More than half the money will be spent on increasing production of paper for office copying machines by putting in a new cutting and packing line at a cost of £1.3m. The rest will go on modifications to the paper machine and its computerised control systems.

Software subsidiary absorbed into ICL

DATASKIL, ICL's wholly-owned computer software and services subsidiary, is to be merged into the parent company at the start of next month. Its operations will be transferred to two newly-formed ICL divisions, one of which will handle applications software and the other consultancy and training. ICL expects the reorganisation to match its services more closely to the market.

Highest fire damage total for over a year

FIRE DAMAGE in England, Scotland and Wales during August cost an estimated £37.9m, the highest monthly total for more than a year, the British Insurance Association (BIA) reported yesterday. The comparable figure for July was £25m.

August's losses end a downward trend in fire damage which has been apparent for 11 out of the last 12 months. Insurance companies have tended to explain this by pointing to the lower volume of stock held in warehouses during the recession.

Two major fires during August swelled the figures by £11.5m. The biggest cost £8.5m at a lighting manufacturer in Co. Durham while the other (3m) took place at a manufacturer of gas appliances in Warwickshire.

The figures for August include both insured and uninsured damage but do not take into account consequential loss, lost production, lost orders and exports.

Appeal Court sets RDL ruling aside

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A HIGH COURT ruling that a contract existed for the sale to Redpath Dorman Long for £50,000 of 48 per cent of the shares in a company manufacturing heavy equipment for North Sea gas and oil exploration, was set aside by the Court of Appeal yesterday.

The shares were in Redpath De Groot Caledonian (RGC), in which Redpath and Grootcon (UK)—a subsidiary of a Dutch company, Grootint—each have a 48 per cent interest.

Lord Justice Brandon said that, by an agreement in 1978, Redpath and Grootcon each paid the British Steel Corporation £2.5m for 144,000 £1 ordinary shares in RGC, which they were to operate as a joint venture.

In 1979, when RGC was insolvent, Redpath and Grootcon agreed that each would loan RGC a total of £2.3m. By the beginning of this year RGC's accumulated losses had wiped out not only its share capital but also the greater part of the loans.

Lord Justice Brandon said that it might therefore have been thought that the shares were worthless. But it had subsequently appeared that valuers regarded them as having some worth because of RGC's potential to generate profits in the future.

Redpath had issued a writ claiming that Grootcon had offered it the chance, as provided for by the 1978 agreement, to buy Grootcon's 48 per cent for £50,000—the price put on the holding by agreed valuers—and that it had accepted that offer.

Grootcon denied the existence of a concluded contract.

In the Commercial Court last month Mr Justice Mustill held *there had been an unqualified* offer which had been accepted. He gave Redpath summary judgment for specific performance by Grootcon of the contract.

Allowing Grootcon's appeal against that order, Lord Justice Brandon said that in the Appeal Court's view, there never had been an unconditional offer by Grootcon capable of being accepted by Redpath. It was clear that Grootcon had not been prepared to sell its shares unless repayment of the loans, with interest, was also dealt with.

Police defend N-plant role

PALICE DID not want to act as bully boys and break the law by manhandling passive protesters off a possible nuclear *power-station site in Cornwall*, a barrister told the Courto f Appeal yesterday. "That would arouse a great deal of resentment *among* local *people*," Mr Alan Rawley, QC, said.

He appeared for Doven and Cornwall's Chief Constable, Mr *John Alderson, who has refused* to remove objectors from the site at Luxulyan because they have not broken the criminal law.

The Central Electricity Generating Board is asking the court to order Mr Aldersen to clear the objectors. It claims they are wilfully obstructing its *legal obligation to conduct* surveys.

Mr Rawley said police were waiting to move on to the site *if there was a breach of the* peace.

Lord Denning suggested the police should tell protestors they wereb reaking the law by obstructing the CEGB

Mr Rawley insisted the police had no power to arrest *protestors until a breach* of the peace had been threatened. The police maintained this had not yet happened but they were *willing to move in if it did*.

After suggestions from the judges that the CEGB and the police should met to tery to agree *on action* the hearing was adjourned for talks.

Nissan to resist plant conditions

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A CLEAR HINT that Nissan of Japan will resist any attempts by the British authorities to impose special conditions before it can go ahead with a UK car plant has been given by Mr Takashi Ishihara, Nissan's president, during a private visit to *Britain*.

He said there was no good reason why the British Government should insist on standards *from Nissan different* from those which would affect European or U.S. vehicle manufacturers, particularly as the UK *Government remained* enthusiastic about the project.

Since Nissan announced last January it was to study the viability of producing 200,000 Datsun cars a year at a British plant, BL and Ford of Britain have put considerable public pressure on the UK Government.

They suggest that Nissan should not be allowed to set up in Britain unless it agrees to have a high level of local component content in its cars.

The two manufacturers claim that unless this happens the Nissan plant might even lead to more closures in the UK by forcing European car companies to source components from low-cost countries like Japan.

The Europeans calculate that if Nissan imported all major parts from Japan rather than buying in the EEC it could save up to £750 a car.

Nissan said from the outset it would start with a 60 per cent local content and would lift this to 80 per cent as soon as practicable. But it has refused to be drawn about how the percentage would be measured.

However, Nissan almost certainly would want the usual criterion employed in Britain—ex-factory value—to be used.

There is no EEC regulation fixing a minimum content for a car before it can officially be called a "Common Market vehicle" but cars made in EFTA countries must have a 60 per cent European content *measured by ex-factory value if* they are to be allowed free circulation in the EEC.

BL and Ford have suggested that Nissan should source at least 80 per cent of its car measured by weight from Europe, the criterion used in West Germany.

However, many component manufacturers, and the UK Society of Motor Manufacturers and Traders, say this would encourage the Japanese to source low technology items like castings in Europe and bring in the high technology electronics from Japan.

Mr Ishihara confirmed that Nisson's decision about a UK plant would "most probably" be announced early next year.

He insisted that Nissan was not looking simply for short-term profits in the UK. It would take about three years to get the plant on stream compared to one and a half to two years in Japan, he said.

Talbot expects increased first half loss

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TALBOT, the UK motor subsidiary of Peugeot of France, is today expected to announce first-half losses significantly higher *than* the £19.5m net deficit suffered in the same period last year.

But Mr George Turnbull, the chairman, was *confident* last night that profitability could be achieved by 1982. "The worst is behind us. The majority of the risk factors have been removed—at some cost. I now look to profits next year and shall be very disappointed if we don't see them."

Talbot, acquired from Chrysler of the U.S. by Peugeot in 1978, last made a profit in 1973. Accumulated losses total about £246m.

Mr Turnbull has cut the labour force from more than 25,000 to about 10,000 in his first 30 months as chairman. Closure of the Linwood plant, *Scotland, with the loss of 4,000* jobs, contributed to the heavy first-half losses. Other factors have been the collapse of the UK commercial vehicle market and competition for car sales.

But Mr Turnbull argued that the Talbot and Peugeot marques would eventually command 10 per cent of the UK car market. Talbot and Peugeot sales and marketing operations *had already been combined*, and the rationalisation of the 800-strong dealer network would continue with the aim of *increasing market share*.

Mr Turnbull thought the Peugeot share, now running at just over 1 per cent, could be increased t o2 per cent by the end of next year, eventually rising to 2½ per cent. Talbot, with a 5 per cent share, would improve to 7½ per cent. However, he would not be drawn on how *long that might take*.

He maintained that production of the Horizon model at Ryton, Coventry, from next January, and the launch of a new small car from France, the T15, in the spring would improve market performance.

Mr Turnbull was also confident that Iran would finally sign a £1bn five-year contract under which Talbot would supply kits to assemble 100,000 cars a year over a five-year period.

The new deal—an extension of an existing arrangement—would ensure continued employment for the 3,200 workers at the Stoke engine plant, Coventry.

Talbot has made many management changes following the retirement of Mr Peter Griffiths as deputy managing director. Two assistant managing directors have been created—Mr Geoffrey Whalen, currently the personnel director, and Mr Richard Parham, the finance director.

Mr Whalen is a former head of industrial relations at Leyland Cars. Mr Parham joined Chrysler UK in 1967 and has held a number of senior finance positions.

Burns outlines Thatcher's strategy

The chief economic advisers to The Treasury talks to economists in Washington

IN HIS speech to the National Association of Business Economists in Washington last night Professor Terry Burns, the Government's chief economic adviser, discussed the three long-term problems of slow productivity growth, rising inflation and rising unemployment.

"Over the last twenty years the number of notified unfilled vacancies has averaged 200,000 during each cycle with no tendency to rise or fall from one cycle to another. Indicators of capacity utilisation and unfilled vacancies suggest only a modest degree of excess capacity in the late 1970s relative to the late sixties.

"A number of factors consistent with this can be identified — a rise in the ratio of benefits to the unemployed as a percentage of net income when in work; a reduction of the earnings differential between young people and adults; changes in the occupation and labour intensity of output; a less strongly administered unemployment benefit system; and the increasing burden on employers of labour overhead costs, which increase the gap between the cost of labour to the employers and the after-tax income of the employee.

"The implication is that the amount of unemployment likely to be associated with an average level of capacity has been rising and will remain high unless there are major changes in labour market practices.

"The rate of return to industrial and commercial companies fell from around 8 per cent to 2-3 per cent during the 1970s. This fall in profitability has been concentrated on manufacturing. There is no easy explanation of why profit margins have deteriorated so badly. The most identifiable factor appears to be the bargaining strength of UK labour relative to employers in part deriving from the high unionised portion of the labour force, the legal privileges of UK trade unions and the vulnerability of monopoly nationalised industries to high wage demands.

"The result has been a slow adjustment to price shocks, an ability to protect personal disposable income against external shocks and to impose a sharp fall in real rates of return upon companies. UK experience during the two oil shocks shows the problem starkly. These problems have been compounded by the long term rise in the share of public expenditure and taxation in the economy.

Inflation: "Over the past 20 years each successive government has also experienced a higher average inflation rate during its term of office than its predecessor. Government policy is based on the view that the control of inflation requires some control over the growth of total nominal incomes in the medium to long term.

"Until 1972 the control of the growth of nominal income was brought about primarily through the fixed exchange rate and the need of governments to adjust fiscal and monetary policy in order to maintain the exchange rate. Since the end of the Bretton Woods system that external control has no longer existed." From 1976 the discipline of monetary targets was introduced.

"The essence of the approach to monetary policy is that it should be medium to long term. The important innovation of this Government is to set out these targets for a longer period ahead on the basis that if monetary policy is to provide a framework of stability for the operation of the economy it must clearly be sustained and permanent.

In a passage, which might have been taken as a hint by a U.S. audience, Mr Burns added: "Experience shows the difficulty of attempting to finance a series of excessive public sector deficits without adding to the money supply. Excess budget deficits increase the supply of financial assets in the economy. If the total quantity of financial assets is growing rapidly it is only possible to keep down the growth of money supply by higher and higher interest rates.

"It then becomes impossible to sustain this increase in interest rates and governments are forcer to resort to monetary expansion. If the markets are aware of this conflict then they can act to bring forward these difficulties by their reluctance to buy government debt."

But he disavowed: "A rigid posture towards the budget deficit irrespective of the performance of real activity. But over a number of years there is a limit to the cumulative budget deficits likely to be consistent with a deceleration of money supply and nominal incomes.

"Although the exchange rate is not expected to have an important long-term effect independent of monetary policy its short-term behaviour is a factor taken into account in the assessment of overall financial conditions. This has been the case both when the exchange rate was rising and during its recent decline. Generally in the UK there is considerable scope for increased attention to the behaviour of nominal magnitudes.

"It could only be helpful, if for example, more attention were given to the behaviour of 'total money incomes' or money GDP as a descriptive statistic in public discussion. This might also help to focus the general argument on whether government demand management policy can only influence nominal magnitudes or whether it has any long-term influence on real variables.

"The real contrast is between those who think that government demand management policy can, in the long run, influence only nominal magnitudes such as money GDP, the PSBR, the money supply or the nominal exchange rate, and those who feel government demand management can control or influence real magnitudes separately such as the level of output, the real exchange rate or real wages."

The outlook: "Since the end of 1980 the trade-weighted exchange rate has fallen by 12 per cent—back to almost the rate that held when the Government came into office while UK manufacturing unit labour costs have not risen and the relatively slow increase in pay has been offset by higher productivity. Thus part of the loss of cost competitiveness over the past two years has been reversed.

"Comparing the level of competitiveness now with that in mid-1979, the deterioration is almost entirely due to excessive UK wage settlements in 1979-80. Partly because of the loss of competitiveness we expect continued downward pressure on pay settlements. Recently output seems to have stabilised having fallen by 6 per cent from the average of the 1979 level.

"From now on a lower rate of de-stocking is expected which will provide a significant turnround of total demand. This may be offset in part by some weakness of other demand components, particularly manufacturing investment and exports. There is no early prospect of a sharp fall of unemployment which has important and obvious social consequences, but there are now clear signs that output has stopped falling and that we could be on the upward leg of the business cycle, even if recovery is expected to be slow. "Some of the important shorter term indications are as follows:

● The inflation rate has fallen substantially. This has often been a pointer to some recovery of demand.

● "Company liquidity and balance sheets generally are in a much sounder position than a year ago.

● "The growth of M1 has recovered from very low rates of growth in 1980 and interest rates are lower even after the upward move earlier this month. Both factors have been important leading indicators in previous recessions.

● "The net overtime per operative in manufacturing industry has been rising since early this year.

● "Notified vacancies show some sign of recovery.

● "The various business surveys show a major improvement in the prospects for output, orders and confidence compared to nine months ago.

● "Manufacturing production has shown some stability since the end of last year and the chemicals and metal industries have seen some upturn.

"So far this year there is no sign of the kind of budgetary overrun experienced last year although the picture is clouded by the effects of the Civil Servants strike. So far as can be judged underlying budget deficit is consistent with the Budget time forecast.

Progress on inflation: "The comparison is often made between the inflation rate when the Government came to office and the position now. Some commentators argue that the result is "only" to get the inflation back towards 10 per cent.

"But this comparison is affected by the extent to which the inflation rate in 1978-79 was favourably assisted by the temporary effects of the incomes policy, falls in commodity prices, particularly oil prices and the efforts that were being made to hold down various public sector prices.

"Some important steps were taken between 1976 and 1979 to bring about a reversal of the inflationary trends. The inflationary momentum comparator for performance today is the pre-1977 trend possibly 15 per cent and rising.

"Whereas the average inflation rate has been brought down to 11 per cent the growth of prices in the private sector has been brought down below this. In part the difference reflects the reduction of subsidies as a component of the supply side policy. Some of the public sector price increases represent the increases in prices and costs of the energy industries as UK energy is priced at world market levels.

"Finally, the rapid increase in public sector labour costs following the end of incomes policy has been passed on to the consumer in the form of local authority taxes and public utility charge.

"In the past many observers have argued that UK wage behaviour was unlikely to moderate in the absence of pay policy. In manufacturing industry unit costs had not risen since the end of last year as the rise in earnings has been no more than the increase in productivity. This represents a major improvement.

"The past two years has shown that an effective anti-inflationary policy can be introduced in the UK. Looking ahead we expect to see continued downward pressures on inflation as pay and prices continue to adjust to market conditions. Costs and prices have not fully adjusted to the earlier high exchange rate and this may restrain the short-run impact of any decline of the exchange rate upon the price level.

"The inevitable consequence of the tendency for the exchange rate to overshoot in the initial stages of anti-inflation policy is that inflation will come down in steps. In the early stages when the exchange rate is still rising there are exceptional downward pressures on inflation. As the exchange rate experiences some correction there may be a period of stability before the downward pressures again dominate."

Longer term prospects: "Still uncertain is the extent to which some of the longer term problems are being resolved. There are signs that amid the restructuring of industry and the decline of those industries which were becoming unviable there has been an improvement of productivity and a major change in attitude towards profitability and the factors which encourage successful industrial performance.

"The development most likely to simultaneously achieve an improvement in output and employment is a fall of earnings growth into low figures. It is not possible to be precise about which components of demand would benefit from this, but I would expect to see some of the following: the effect on the level of consumption of lower real earnings per hour being largely offset by an increase in activity and a reduction in the savings ratio; a sharp recovery of stockbuilding and other elements of company expenditure as company income improves and interest rates are reduced; and a recovery of exports as cost competitiveness improves.

"There may be scope for some further steps that increase the efficiency of the labour market although they will take time to take effect. It is important to move the UK debate decisively towards the role of real earnings relative to productivity as a determinant of employment and unemployment."

Healey seems set for union majority vote in party poll

BY CHRISTIAN TYLER AND RICHARD EVANS

MR DENIS HEALEY seemed assured last night of majority trade union support in his battle to retain the deputy leadership of the Labour Party, despite losing the miners vote by more than two to one.

A ballot of the Confederation of Health Service Employees gave Mr Healey 57 per cent, Mr Tony Benn 33 per cent and Mr John Silkin under 10 per cent on a low turnout.

But by capturing Cohse's 135,000 party conference vote, Mr Healey appears to have secured about 3.3m of the 6.4m trade union votes available.

The National Union of Mineworkers, with a block vote of 244,000 at he conference, will be supporting Mr Benn after an overwhelming verdict in bis favouh by the union's branches.

In what could be an omen for the forthcoming presidential election in the NUM, the score was 189 for Mr Benn and 79 for Mr Healey. Mr Silkin polled nothing.

It was confirmed that the big Nottinghamshire coalfield, traditionally right-wing, had endorsed Mr Benn, as did the moderate Lancashire areas.

Mr Healey, commenting on the Cohse result, said it confirmed that the wider the consultation in any trade union or constituency Labour Party, the more likely he was to win.

Mr Healey's campaign managers are now looking for a major upset in the trade unions to clinch victory for the incumbent deputy leader. Their hopes are still pinned on the 40 delegates of the Transport and General Workers Union who meet on Sunday to consider the controversial recommendation of their general executive to support Mr Benn.

The other possibility is that branch voting in the Left-led National Union of Public Employees might yield a narrow victory for Mr Healey. The results of this canvass are to be unveiled at the weekend, but the poll is said to be very close indeed.

Mr Denis Healey, who won the vital backing of the health service union

If either the TGWU or Nupe changed sides, Mr Benn's chances would almost certainly be doomed.

To increase the pressure on the TGWU delegates, the Healey camp yesterday circulated figures purporting to show that there was no possible way of construing the TGWU's consultation exercise as other than a clear victory for their man.

They said 1,469 branches had been consulted, of which 767 were for Mr Healey, 362 for Mr Benn and 340 for Mr Silkin, giving Mr Healey 52.2 per cent of the total vote.

Mr Benn claimed yesterday that abstentions by members of the Tribune Group in Sunday's election for the deputy leadership could be enough to give victory to Mr Healey.

His comments, made in an ITN interview, illustrate the growing pressures now facing left-wing support of Mr John Silkin, who are prepared to abstain in the second ballot rather than vote for Mr Benn.

Present estimates are that between 20 and 30 of Mr Silkin's supporters, including some members of the shadow cabinet, are planning to abstain. As the outcome is likely to be extremely close this could be enough to deprive Mr Benn of victory.

Mr Benn warned that if Mr Healey won there would be a central problem for the Labour Party in the run-up to the next election.

"When we come to the next manifesto Mr Foot is going to be put in an impossible position. He will have to choose between putting forward party policy and keeping Denis Healey.

"What could happen at this critical moment just before polling day is that our policies are ditched to prevent Denis Healey from resigning from the shadow cabinet just before the election," Mr Benn declared.

He rejected suggestions that he should be blamed for stoking up strife, tension and divisions within the Labour Party. He also denied he had received only a minority vote in the TGWU regional test of opinion. He said the three largest regions, representing more than 50 per cent of the membership, had supported him.

In an attempt to prevent a further contest next year, Mr Roy Hattersley called on Labour's National Executive Committee last night to lay down some proper rules covering the conduct of future leadership and deputy leadership elections.

Mr Hattersley, joint chairman of the right-wing Solidarity movement, called for three fundamental reforms:

● Consultation by trade unions with their memberships before votes were taken on their behalf.

● Decisions reached by constituency Labour parties to be taken on the basis of one member, one vote.

● The devising of a method of electing the leader and deputy leader that avoided the choice of candidates in whom MPs could not place their trust.

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Miners to seek £100 minimum pay for surface workers

BY NICK GARNETT, LABOUR STAFF

A PAY claim, involving a demand for £100 a week for the lowest paid surface worker was drawn up yesterday by the National Union of Mineworkers.

The claim, which represents a rise of 23.7 per cent on the lowest five shift surface rate of £80.85, also includes a shorter working week, a review of differentials and a move to the payment of salaries for miners.

Salary payments and a shorter working week are expected to be stressed by union negotiators when the National Coal Board gives its reply on October 6.

If the NCB is prepared to make proposals on these two issues, it could form the bridge by which the board and the union resolve differences over pay this year. There are indications that the board might take a more sympathetic view than in the past.

Mr Joe Gormley, NUM president, hopes to have an agreement by the beginning of November, before the union's presidential election in December.

He said the Government was elected on a free collective bargaining ticket and that was the spirit in which the union would negotiate.

"We don't consider that we are tied to any Government norms. We want to negotiate in a free climate and this is what we will insist upon."

He said there could be "slight problems" over pay but he did no texpect these to be insurmountable. "We'll get a nice, sensible agreement which will be god for the coal industry, good for coal production and will recognise what the industry is doing."

The board will stress its relathively tight finances. Largely because of evternal financing limits, it is cutting back on capital investment by £86m in real terms compared with last year.

Mr Gormley said the claim was fair in relation to the industry's record, improved productivity and improved absenteeisb.

The board has in the past shown some anxiety at the concept of a salary structure because of high absentee levels but the union argues these worries are now unjustified because of improved attendances at the pits.

THE 640 miners at Bedlay Colliery, north-east of Glasgow, voted yesterday to accept a recommendation from the National Union of Mineworkers and return to work, writes Mark Meredith. They will thus end a three-day unofficial strike over the proposed closure of the pits.

The union agreed to send its engineers to make further assessments of reserves. It will also hold talks with the National Coal Board about developing the mine.

The Coal Board wants to close the pit this year because of severe geological faults and depleted reserves. The men have already been offered jobs in other collieries.

Engineering industries' sales rise

By James McDonald

THE SLOW improvement in the combined engineering industries' performance in recent months continued into June, according to Industry Department statistics published today in British Business, the Trade and Industry Departments' official journal.

The index of total sales (1975 monthly average = 100) in the second quarter, seasonally adjusted, was 89. This was 2.5 per cent higher than in the first quarter of the year and 10 per cent lower than in April-June last year.

Total orders-on-hand improved in the first six months. New orders exceeded sales in each month except May.

After discounting the peak figure for new orders, in March, the power-station equipment, the new-orders series appears level, or rising slightly,

Home sales, seasonally adjusted, improved by about 2.5 per cent in the second quarter, compared with the first

Carbon fibre aircraft seats could bring airlines big fuel savings

BY LYNTON McLAIN

BRITISH AIRWAYS may become the first airline in the world to install lightweight carbon fibre passenger seats, which could lead to a saving in fuel costs of £100,000 a year for each aircraft fitted.

The design of two prototype carbon fibre seats, developed by Futair, a small, private company in Poole, Dorset, was shown to BA last week. The airline expressed interest, Mr Ian Toll, the managing director of Futair said yesterday.

British Airways said it was "very keen to reduce aircraft weight and save fuel," but it was too early to make decisions about the low-weight seats.

Further meetings are planned, including one today in Poole, when Mr Graham Le Clercq, the BA development engineer for aircraft interior accommodation, will see the prototype seats for the first time. A meeting is also planned for the next few weeks with Mr John Garton, the director of engineering at British Airways.

British Aerospace, which has been working on ideas for lightweight seats, is also interest and Futair is to meet Mr Don Diamond, the corporation's chief aircraft furnishing engineer, to discuss possible co-operation.

Each carbon fibre seat weighs almost a third less than a conventional aluminium aircraft seat, but costs twice as much to make.

Nevertheless, the potential market for carbon fibre seats is enormous. Futair has identified a world market over the next decade for 800,000 replacement seats for aircraft.

Each conventional seat costs between £350 and £400, giving a total potential market for replacement seats alone of up to £320m. On top of this would be the market for seats for new aircraft to meet the rising demand for air transport, expected in the 1980s and 1990s.

Futair was set up 18 months ago to do sub-contract work in the aerospace industry. It now specialises in furnishings and light engineering for aircraft and makes the seats for the Brittan Norman Islander.

The company has also produced prototype conventional seats for the new British Aerospace Jetstream light transport aircraft.

The company designed the two prototype carbon fibre seats under licence from Palmcastle, a London investment company, which provided £20,000 to finance development of the seats, which were made under a subcontract by Fothergill and Harvey, the chemicals company.

Futair has already shown its designs to the U.S. Northrop aircraft corporation, which has wide experience of using carbon fibre for the tailplanes of military aircraft, where the weight savings leads to substantial improvements in operating performance and improved fuel efficiency.

Engineers favoured for executive posts

By James McDonald

Over the past year there has been a considerable swing in the UK towards appointing those who have engineering or manufacturing backgrounds to managing director posts, according to a survey carried out by Heidrick and Struggles International, consultants in the recruitment of executives.

The survey, which covers the year to the end of June, shows a marked move away from the preference in the two previous annual surveys for chief executives with sales and marketing backgrounds, and with financial experience.

The survey is based on questionnaires sent to all men and women whose appointments were announced during the year in leading business publications.

In the 1979 survey, preference was shown for people with sales and marketing experience who accounted for 42.5 per cent of appointments to managing directorships. Those with financial backgrounds accounted for 22.5 per cent, and manufacturing or engineering disciplines for 20 per cent.

In 1980 the sales and marketing proportion fell back to 35 per cent, financial backgrounds rose to 29 per cent, and manufacturing and engineering disciplines to 22 per cent.

Last year the marketing and manufacturing disciplines each accounted for 32 per cent of appointments and the financial background had fallen back to 21 per cent. There has been a similar trend in the U.S., the survey comments.

Heidrick and Struggles suggests that this pattern, so similar in the UK and the U.S., can be correlated to the same overall economic indicators.

"At the outset of a recession, the finance man's chance of appointment to the top job is greatly enhanced, probably in the hope that he can stem declining profits by the application of tighter budgetary controls, reduction of excessive inventory and general reduction in company borrowings.

"Once, however, recession has become accepted there is now good evidence that companies will focus on improved manufacturing as the long-term means by which to survive against rising labour costs, adverse exchange rates and increased competition from third world countries."

Coventry faces strike over cuts

A MEETING of 2,000 members of the Transport and General Workers' Union employed by Coventry City Council voted yesterday for a strike if any of them lost their jobs or took a cut in pay because of the council's promised £2m spending cuts.

The cuts are required to avoid a Government penalty and a recent referendum in the city voted against rate rises.

The meeting was voting on behalf of the council's 4,000 transport union workers.

Electrolux workers reject pay offer

MORE THAN 1,500 workers at the Electrolux factory in Luton, Beds, voted yesterday to reject a pay offer, which they claim was worth only 10p-80p per week.

District union officials are to be called in to continue talks. The workers say the company offer was worth over £3 a week on the surface, but the conditions were unacceptable.

Appeal to restore TUC birthplace

A £2m NATIONAL appeal was launched to restore the Manchester birthplace of the Trades Union Congress.

The former Mechanics Institute has stood empty since 1966 although the city council has spent £350,000 eradicating dry rot and making the listed building weatherproof.

Union labour on less than 40-hour week increasing

BY BRIAN GROOM, LABOUR STAFF

TWO-THIRDS of organised workers will work less than a 40-hour week by August 1982, the Labour Research Department claims today. Half of all manual workers secured improved holidays in the last pay round.

The department is an independent but trade-union financed body. It says only 6 per cent of all workers last year secured a pay rise at or above the rate of inflation.

These finding are published in a book* which surveys 350 major pay deals covering 13m workers.

The average pay rise was 9.3 per cent, about 4 per cent less than the average rate of inflation throughout the year, the book says. Public-sector settlements on average wer 2 per cent below those in the private sector.

** The LRD Book of Wage Rates, Hours and Holidays 1981; LRD, 78 Blackfriars Road, SE1: £10 (£2 to trade unions).*

APPOINTMENTS

Leonard Williams joining Y. J. Lovell

Mr Leonard Williams, a director and chief general manager of the NATIONWIDE BUILDING SOCIETY, is to become a non-executive director of Y. J. LOVELL (HOLDINGS) from January 1.

★

R. D. Jones has been appointed commercial director of BRUSH POWER EQUIPMENT and Mr T. E. B. Cummins has become sales director of L. Gardner and Sons, member companies of the Hawker Siddeley group.

★

Mr J. Kenneth Brown, a director of A.B. ELECTRONIC PRODUCTS GROUP, has additionally been appointed director, quality and manufacture of the group. He was formerly managing director of AB Electronic Components, a group operating subsidiary.

★

Mr Gordon Hazzard has joined the board of HENRY WIGFALL AND SON as chairman. His other directorships include Wellco Holdings where he has been chief executive since May of this year.

★

Mr Guy P. Renwick has been appointed managing director, and Mr Mark E. Aldridge, as executive director of HARMO ROBOTS, Welwyn Garden City, the new UK subsidiary of Hambro Company, Japan.

Mr John R. Symonds has been appointed a director of BIRMID QUALCAST (H AND GE) and general manager of Qualcast Garden Products Group.

★

Mr Alastair Burnet, chief presenter for ITN's News at Ten, has joined the ITN board.

★

Mr Norman Wilson has become chairman of EFG (NEW LANDS) and Mr Ian McGavin and Mr David Thomson are now directors. The company is a subsidiary of the Economic Forestry Group.

★

Mr P. N. Holley, Mr J. Kerwin and Mr A. Sharp, executives of DALEPAK FOODS, are to join the board on October 1.

★

Mr Leon J. Staciokas has been appointed to the main board of COMBINED TECHNOLOGIES CORPORATION.

★

Mr Roland Smith has retired from the board of WOODS OF COLCHESTER on medical advice.

★

Mr Malcolm Scott has been appointed a director and general manager of MILLARD HOMES, Tipton.

★

Mr H. E. M. BARNES has been appointed a non-executive director of DOWNS SURGICAL.

★

Mr F. J. Daniell has been appointed a director of WATERLOO LAND AND PROPERTY COMPANY with responsibility for project management schemes in the UK. The company is an associate of Espley-Tyas Properties.

★

Mr A. E. Hepper, a non-executive director of RICHARDSONS WESTGARTH AND COMPANY, is to become chairman on January 1. He will succeed Mr A. D. McN. Boyd, who will be retiring from that position at the end of this year and will continue as a non-executive director.

★

Mr J. E. Sykes has been appointed a director of I. and J. HYMAN. He is managing director of the operating subsidiaries of Somercel a sub-group holding company within the Hyman group.

★

Dr Paul Wainwright has joined the Texalon Group of Companies as technical director of TEK CHEMICALS INTERNATIONAL. He was previously a director of Rocol.

Guinness Peat in U.S.

GUINNESS PEAT GROUP has formed Guinness Peat Financial Services, Inc, to expand its interests in the U.S. Mr Edmund Dell has been appointed a director and chairman of the new company and Mr Richard L. Heffner becomes a director and president. Mr Heffner has also been made a director of Guinness Peat Financial Services Limited in London. Sir David Hill-Wood will be a board member of the U.S. concern.

Mr R. D. Kissin, a director of Guinness Peat, will be moving to New York from October 1 to be president of Lewis and Peat Inc. Mr Gerard Ascher is to join the board of Lewis and Peat Inc. All Guinness Peat's American commodity trading operations will be controlled by Mr Kissin and Mr Ascher.

Guinness Peat Properties Inc has been established to develop real property interests in the U.S. with Mr P. J. D'Angelo as chairman and Mr M. R. Landau as president. Lawson Lewis and Peat Cotton Inc has been formed for merchanting raw cotton to the U.S. domestic cotton textile industry and internationally. Mr Ascher is chairman and Mr W. D. Lawson III president.

THE PROPERTY MARKET

BY ANDREW TAYLOR

Shares pose a question

THIS WEEK'S dramatic fall in the stock market, which has sent property shares tumbling, raises fundamental questions about the basis on which prime properties are being valued. Yields on the best retail investments are now as low as 3½ per cent, according to recent estimates by Healey and Baker.

The fall in property share prices since the beginning of April this year—since when the FT-Actuaries property share index relative to the All Share Index has fallen by around 10 per cent—would appear to indicate that all is not quite so stable in the property market as some agents would have us believe.

Patrick Galvin of stockbrokers de Zoete and Bevan puts it this way: "Either property shares are very cheap or [noting that even Land Securities on Wednesday was trading at a 31 per cent discount to net assets] the market is trying to tell us that property values are going to fall."

Property analysts are once again questioning what impact rising interest rates will have on prime property yields, which have so far shown no inclination to rise despite the competing attractions of gilts where the return is currently as high as 15 and 16 per cent.

Gordon Ireland of Vickers da Costa says: "Some general fund managers are already questioning the attractions of property investments on a 4½ per cent yield when gilts currently return 16 per cent."

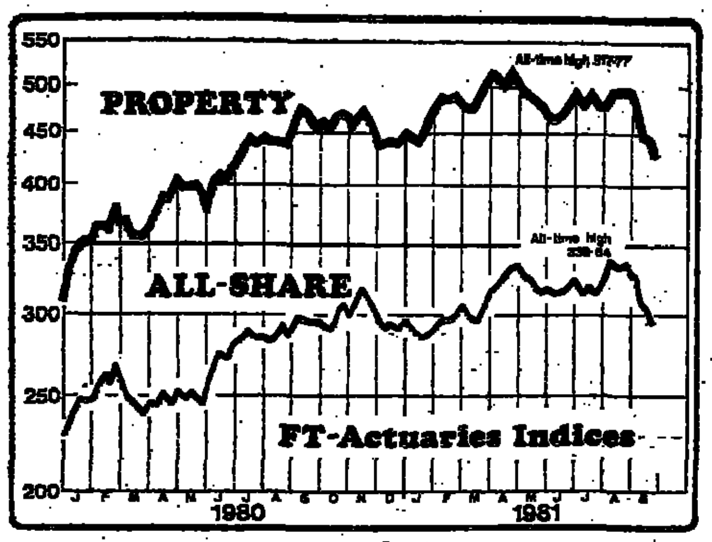
A rise of just one percentage point in property yields would have a substantial impact on property values. Patrick Galvin of De Zoete and Bevan calculates that a rise in prime shop yields from 3½ per cent to 4½ per cent would reduce capital values by about 22 per cent.

By the end of trading on Wednesday the FT-Actuaries property share index had hit a new low for the year of 430.5, a fall of around 13 per cent since the beginning of the month. It compares with a high of 517.7 on April 2.

The recent decline in property share values has left companies like British Land currently standing at an estimated discount of 50 per cent compared with brokers' estimates of net assets of between 150p and 155p a share.

Since June the fall in the property index has been in line with the decline in the All Share Index but in the 2¼ months prior to that the property index relative to the All Share had declined from 163 to 149 and is currently standing at 147.

It is this relative decline in property share values that has prompted the recent concern of property analysts who are worried that the widening discount between share prices and net assets may be signalling the start of a fall in property values.



Whether any lessons can be drawn from the recent falls of property company share values remains to be seen. So far there are more questions than answers.

William Cochrane

British Steel on the move

BRITISH STEEL has taken space in two Croydon office blocks, and has found a new central London headquarters, all at rents of around £10 a square foot. The nationalised industry is moving from its present headquarters at 33, Grosvenor Place.

The new London headquarters of British Steel is to be at the former Decca building—now owned by the Racal electronics group—at 9, Albert Embankment. British Steel has agreed to take the entire building of 57,800 sq ft at an annual rental of £555,000.

Jones Lang Wootton acted for Racal Properties and the deal is subject to a modernisation programme being carried out at the building.

Meanwhile, in Croydon, British Steel has taken space in two office blocks. It is to occupy the whole of Amy Johnson House, a 31,000 sq ft office block recently completed by Salcombe Investments and developed by Bernard Sunley.

Annual rental on the building, in Cherry Orchard Row, adjacent to East Croydon Station, is thought to be around £310,000. Clive Lewis acted for Salcombe and the freehold of the office block has now been acquired by pension fund clients of Knight Frank and Rutley. British Steel has also taken six floors in NLA House in Croydon.

British Steel has occupied its prestige headquarters in Grosvenor Place since 1968 but with a substantial uplift in rent expected in just over two years time—when the first rent review falls due—the nationalised industry has decided to look for cheaper premises.

Currently the nationalised industry is paying a rent of just over £4 a sq ft at Grosvenor Place but is seeking to sublet and rent the space at around £15.60. Jones Lang Wootton has been asked to handle the letting of the 173,000 sq ft offices.

The ultimate owner of the building is Grosvenor Estates but ownership is complicated by the existence of sub-leases held by a major insurance group and a property company. The present lease is not due to expire until 2011 with rent reviews due in 1983 and 1997. It was formerly occupied by AEI which moved out, following the company's takeover by GEC, because it was thought the building was too expensive.

● A rent of £10 a sq ft has been achieved at the Arthur Guiness Pension Fund's 14,750 sq ft office development in Esher, Surrey. The space has been let to a locally based company, Teradyne Ltd.

FIRB tightens the screw

BRITISH and overseas property investment companies seeking new business in Australia may find life much tougher in future. The Government is tightening its grip on foreign investment just as the commercial property market is showing signs of renewed strength in a number of major Australian cities.

The country's Foreign Investment Review Board has had a number of key conversations with international property investors over the past 12 months. Pressure is mounting on investors to provide opportunities for local Australians to take a substantial stake in either part or the whole of their Australian operations.

The FIRB guidelines providing for a 50 per cent local stake in property investments have been in force for a number of years. But in the past these have been interpreted with a fair degree of flexibility. More recently, however, the Government has become concerned at the rising level of money—particularly from South East Asia—which has been finding its way into Australian real estate and agricultural land.

Major British companies with commercial property interests in Australia include Slough Estates, MEPC and Hammerson. All have wholly owned Australian property investment subsidiaries and, therefore, cannot except to escape from the hardening attitude towards foreign investors in real estate. Most have had recent meetings with the FIRB

Mr Sydney Mason, chairman and managing director of Hammerson Property and Investment Trust, which met the review board at the beginning of this year, said his company would be reluctant to provide a direct equity stake in local assets built up over a number of years.

Instead, Hammerson is proposing to float some of its shares on the Sydney and Melbourne stock exchanges, to give Australians the opportunity to take a stake in the parent group. It remains to be seen whether this solution will prove acceptable to the review board.

Mr Mason, however, accepts that his company may be required to take a substantial Australian partner in any future major developments it undertakes in Australia.

Mr Sean Wareing, finance director of Lend Lease — Australia's largest and most successful property group — agrees that the review board is taking a much tougher line on overseas investors. "Now when they say they want a substantial local investment partner they mean it — and this could mean at least a 50 per cent local stake, not 49.5 per cent."

Another major overseas property group to have recent contact with the review board is Hong Kong Land. The company says that negotiations have been cordial but admits that it is under pressure to restructure its holdings in its 390,000 sq ft Northpoint office block acquired as part of its major "share swap" deal with Jardine Matheson last year.

This week Mr Nigel Mobbs chairman of Slough Estates is visiting the company's subsidiary in Australia where it wholly owns around 660 acres of industrial land, of which only about 60 acres have so far been developed. Mr Mobbs is expected to meet the FIRB during his stay.

About [illegible] ago Slough was asked to [illegible] allowing a local stake in its operation. Then the figure being talked about was 15 per cent—today a much higher proportion of local ownership is likely to be required.

The tougher approach of the Australian Government to foreign investment has concerned a number of British companies which, having caught a cold in Australia in the mid 1970s, are only now starting to see their investment coming right.

MEPC for example has only recently got over its problems at its 415,000 sq ft Exchange Centre office investment in Sydney and is looking forward to a sizeable increase in rentals with first rent reviews on the building due shortly.

Mr Sean Wareing of Lend Lease says that average prime office rents in Sydney are now around A$16 a sq ft with top rents at around A$25 a sq ft. This compares with average prime rents of around A$10 to A$11 a sq ft three years ago.

It is against this background of rising rents and property values that the Australian Government has started to take a tougher line against overseas investors.

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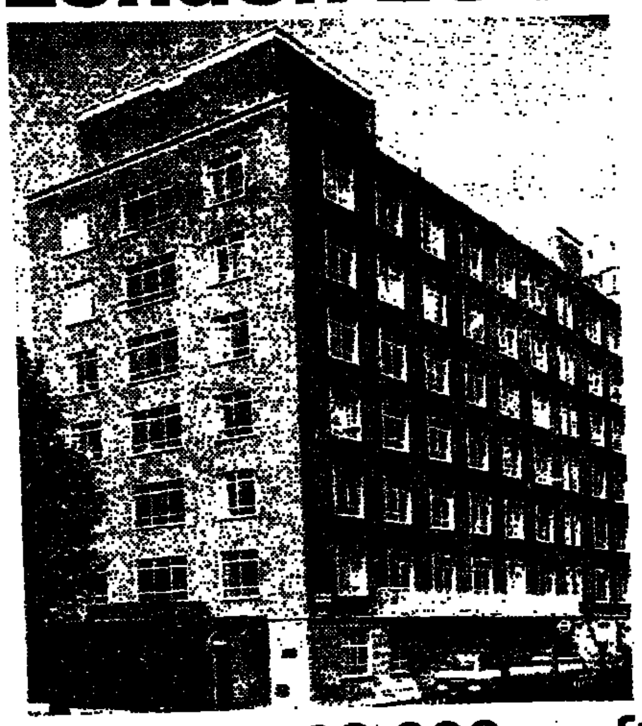

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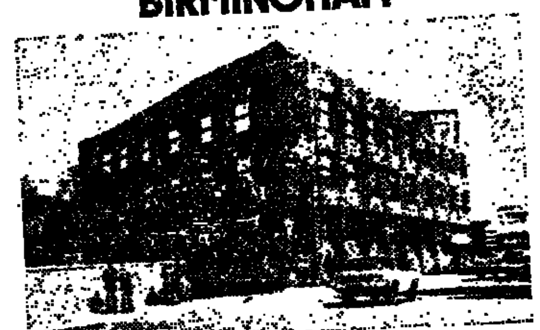

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TECHNOLOGY

EDITED BY ALAN CANE

Windscale AGR proves Britain's nuclear fuel

BY DAVID FISHLOCK, SCIENCE EDITOR

ONE OF the most familiar symbols of nuclear energy in Britain has been the subject of a series of highly successful terminal experiments this summer, in demonstrating the integrity of Britain's nuclear fuel.

The success was reported to the International Atomic Energy Agency's general conference in Vienna earlier this week. Mr Ivor Manley, of the Department of Energy, heading the UK delegation, said the experiments "confirmed our confidence in the safety characteristics" of the advanced gas-cooled reactor.

Now, in the ultimate terminal experiment, the symbol itself is to disappear, leaving a "green-field" site.

The scene of these experiments is the Windscale AGR, the pear-shape silouette of which is often used to symbolise this nuclear factory's activities in reprocessing.

In fact, the facility had a quite different purpose. It was the UK Atomic Energy Authority's prototype power-plant, on which 14 commercial AGRs ordered so far have been based.

Within a year or two, the AGRs are expected to be providing more than half of Britain's nuclear electricity. The first commercial reactors, 20 times larger than the WAGR, have proved troublesome to commission and raise to high performance. But the 33MW WAGR ran for 18 years with an average load factor of 70 per cent and an availability for electricity production of 82 per cent.

For the last two years of its life WAGR participated in a joint project funded by the Central Electricity Generating Board and the South of Scotland Electricity Board, to develop fuels of higher performance for the AGRs.

The facility was formally shut down for electricity production last April. But the electricity industry agreed to provide half the cost — £3m in total — of making three terminal experiments this summer, to see how AGR fuel might behave in a reactor accident, or if imperfect fuel should ever find its way into an AGR.

The three series of experiments asked:

1—What would happen to AGR fuel, designed to run normally at 725-750 degrees C, if its temperature should increase close to the melting point of its stainless container?

2—Were the computer codes used to predict the course of events in an AGR accident reliable?

3—How much radioactivity would escape from an AGR in a serious accident?

The results, so far, of all three experiments are encouraging to the AGR designers. They also increase confidence in claims for a new, uprated AGR fuel, giving one-third greater energy output over its life, and saving between £1m-£2m per year for each reactor.

Final results from these three terminal experiments will not be available for another three years. It will take this long to remove all the spent fuel from WAGR.

But already Dr Tom Marsham, managing director of the UK AEA's northern division, responsible for the experiments, is confident that AGR fuel will improve from its present rating of 18,000 megawatt-days per tonne to about double this; "burn-up," about 30,000 Mwd/tonne. "We get a more realistic feel for what the margins of safety might be."

The answers to the first series of experiments was that AGR fuel—even fuel that had long been in the reactor—could be allowed to rise to temperatures above 1,300 degrees C, very close to the melting point of the stainless cladding (1,370 degrees C), without the slightest sign of failure. Fuel abused in this way has just been examined at Windscale and shows no sign of failing, even though some reached 1,340 degrees C.

The second series of experiments, to verify calculations of what would happen in a reactor accident, showed good agreement with the computer codes. Nothing unexpected happened, no new phenomena were *discovered*. The experiments produced no damage that will hamper the unloading of fuel, and no damaged fuel that might leak radioactivity in storage.

The third series of experiments investigated the escape of radioactivity from an AGR in the "worst-possible" kind of accident. They used fuel that had already been made to fail in earlier experiments, and also injections of radioactive iodine vapour and dust into the reactor.

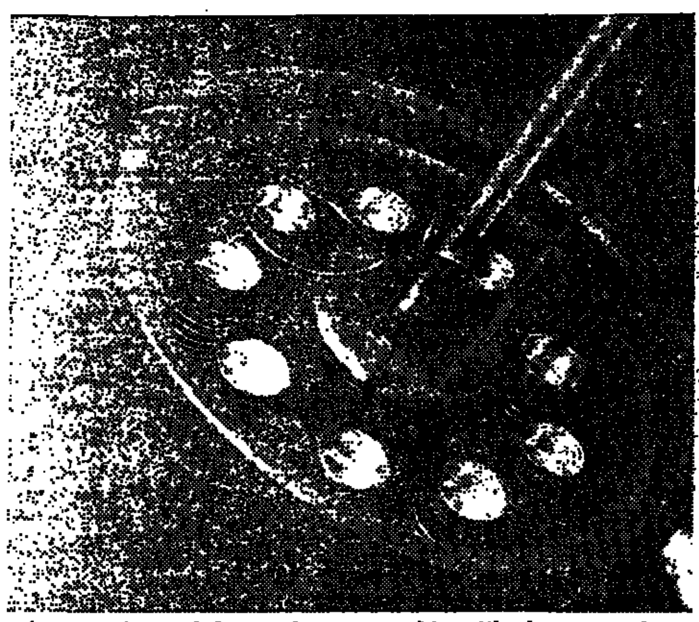
These showed that far more of the radioactivity sticks to the inside of the reactor—"plates out"—than was previously assumed. Past assumptions about "radioactive clouds" may have been too pessimistic.

Preparations are beginning for the fourth and ultimate terminal experiment. This is to decommission and completely dismantle WAGR, leaving only the adjoining post-irradiation caves where highly radioactive *fuel is examined*.

The UK AEA has approved a scheme drawn up by Dr Marsham for razing the reactor in a series of 58 steps. It makes sense, he says, because WAGR has much in common with the commercial Magnox reactors, the first of which are likely to be shut down before the end of the century.

Dr Marsham estimates that it will take 11 years and cost about £20m at today's prices. Of this, some £6m will be spent with private demolition contractors; and another £2m on special equipment to cut up radioactive components and shielding.

Sir Francis Tombs finally switches off the 33MW Windscale advanced gas-cooled reactor, before the series of terminal experiments began.



An experimental fuel stringer assembly with thermocouples is readied for the reactor.

HGV drive

ANY ORDINARY driving licence holder can drive a non-HGV Ampliroll swap body waste handling system from Hearncrest Boughton, Bell Lane, Amersham, Bucks.

With a 1½-tonne greater lifting capacity than other vehicles of its type it is said to be highly manoeuvrable and can be operated without the driver having to leave his cab.

It can also work in narrow and confined spaces which normally prove most difficult for larger vehicles and, dependent on the chassis used, the Ampliroll can handle a payload of 4 tonnes.

POINTERS

Retail systems from Hugin

SEVERAL RETAIL systems have been announced by Hugin together with news of an agreement with National Semiconductor in the U.S. to market that company's Datachecker point of sale equipment throughout Europe—of which an EAN scanning system is the most significant component.

One of the new Hugin systems is the H7250 Micropos terminal, *a stand alone POS unit* which has a built in nine inch screen to give helpful instructions to the operator and also display menu selections for sale, report, and administration routines. It has 105 fully programmable keys, audit and receipt printers and a customer display.

The company has also introduced the H7310, a POS terminal that can be used on its own, or in two-way communication with a host computer for positive credit vetting, end of day stock replenishment data or central data capture.

Hugin has also just won an order from Unichem, the wholesale pharmaceutical company, for 2,500 Micronic hand held data collection terminals. Hugin took over the agency for these units in March.

Nosed out

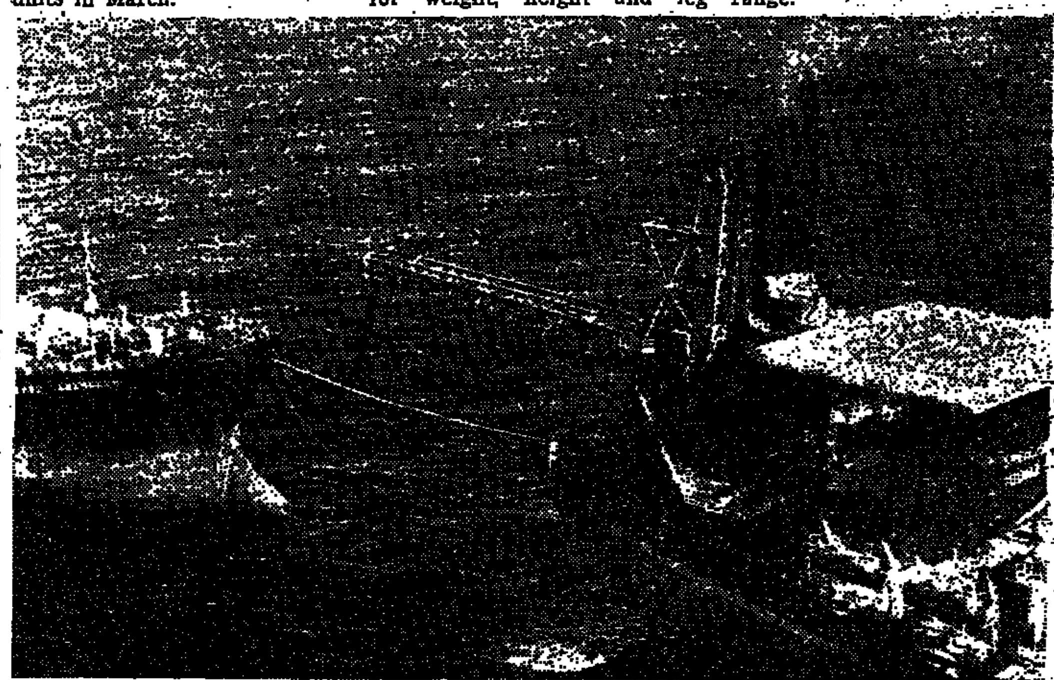
THE OLD David Brown bonnet has been nosed out by a snub shape from the Case stable on a new tractor whose racey cab has tinted curving windows with slim pillars (allowing 30 per cent more visibility than previous models) says David Brown/Chase, Meltham, Huddersfield (0484 850361).

Intended mainly for local authority use, council drivers should also enjoy car-type pendant pedals for uncluttered floor space, a plush seat adjustable for weight, height and leg length; and a sunshine roof which also serves as an escape hatch.

The fuel tank, considered a former obstruction in the cockpit, has been relocated underneath the frame.

Exhaust purifier

JOHNSON Matthey Chemical of Royston, Herts (01-353 9445) has launched its Honeycat catalytic exhaust purifier for diesels and lpg engines up to 1,000cc capacity. The company says that the unit is lighter and about 40 per cent less in volume than the rest of its range.



SPEED SEAL Products, the Sheffield based subsidiary of Bridon has completed this system of crude oil transfer for "Medora," a supertanker in the North Sea's Fulmar field. The system allows oil to be transferred under most operating conditions. It consists of two crude oil hose catenaries with a single bunkering hose. These are connected at the end of the tubular steel boom by hydraulically operated emergency disconnect bandclamps. Speed Seal, which says the contract with Shell UK Exploration and Production in conjunction with Shell/Esso and the Gas Council/Amoco Group was worth £2.5m. More from Bridon at Doncaster 0302 4010.

هدايا من الراحل

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.00 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London). London and SE only: Financial Report. News Headlines. 1.00 Pebble Mill at One. 1.45 Chigley. 2.02-3.00 For Schools, Colleges. 3.20 Prydain Fechan. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 All New Popeye Show. 4.40 The Banana Splits. 5.10 Reptaghost. 5.35 Willo the Wisp.

5.40 News.
6.00 Nationwide (London and South East only).
6.22 Nationwide, including 6.45 Sportswide.
7.00 It's a Knockout.
8.15 Rosie.
8.45 Points of View.
9.00 News.
9.25 Knots Landing.
10.15 Face the Music (London and South East only).
10.45 News Headlines.
10.50-12.35 am The Late Film: "The Walking Stick" starring David Hemmings.

BBC VARIATIONS: Cymru/Wales—12.57-1.00 pm News of Wales. 1.45-2.00 Bys A Bawd. 2.35-2.55 Hwnt Ac YMA. 5.10 The Amazing Adventures of Morph. 5.15-5.35 Gari Gylifer. 6.00-6.22 Wales Today. 7.00 Heddiw. 7.25-8.15 Y Melys Lais. 10.15 Western Welsh. 10.45-10.50 News for Wales. National News.

Scotland—11.00-11.20 am For Schools (Around Scotland). 12.55-1.00 pm The Scottish News. 6.00-6.22 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland. National News.

Chris Dunkley: Tonight's Choice

Apart from Rosie it is a pretty dull night on BBC, and on ITV there is only one programme which can be recommended quite honestly and safely: Soap, and even that presents problems because, once again, ITV have failed to provide a full network showing. Those familiar with the frantic and appalling lives of the Tates and the Campbells will be lining up unprompted for their weekly dose (and thanks to endless American credits a mean measure it is too). Anyone who has still not sampled the bizarre brew should try now before it either goes out of production or, like M.A.S.H., becomes consistent and unsurprising. At present Soap retains some ability to startle.

The other main point of interest on ITV is a new run of Strangers, one of the growing list of post Z-Cars police series which have brought a lubricating trickle of comedy to the gritty reality of all those '70s thrillers. Don Henderson's tatty Detective Chief Inspector, he of the string gloves and the scruffy shoes, leaves me fairly cool—from Marlowe to Marker seedy sleuths have been done as well or better. But like several of its contemporary policiers Strangers has used filmed cityscape very effectively, starting in Manchester (it is a Granada production) and moving to London. In this new series we are to see Glasgow and Edinburgh too, though the opening episode tonight is called "The Moscow Subway Murders."

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.00 pm Racing from Ascot.
4.50 Open University.
6.55 Something Else.
7.40 News Summary.
7.45 Cartoon Two.
7.50 Gardener's World.
8.15 Songs of Europe.
9.25 Romer's Egypt.
10.05 Revolting Women.
10.30 Darts.
10.45 Newsnight.
11.30 Darts.

LONDON

9.35 am Schools Programmes. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Women Rule OK! 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Taff Acre. 2.00 Houseparty. 2.25 Golf: The Bob Hope Classic from Moor Park. 4.15 Bugs Bunny. 4.20 Storybook International. 4.45 Ad Lib. 5.15 Gymnastics: The Lilia-White Championships for Girls from Wembley Arena.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.30 Thames Sport: Derek Thompson and Susan King join forces with Allan Taylor and Simon Reed to reflect the capital's sporting scene.
7.00 The Amazing Spiderman.
8.00 Kinvig.
8.30 Roots.
9.00 Strangers.
10.00 News.
10.30 Soap.
11.00 Starting: An Inquiry into London's Schools.
11.45 Golf—The Bob Hope British Classic from Moor Park, Rickmansworth.
12.30 am Close: Personal Choice with Trevor Brooking.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 6.00 About Anglia. 10.30 Side by Side by Swinfeld. 11.00 Golf (The Bob Hope British Classic). 11.45 Anglia Late News. 11.50 Friday Late Film — "Land Raiders" starring Telly Savalas. 1.40 am Modern Missionaries.

ATV

1.20 pm ATV News. 6.00 ATV Today. 10.30 WKRP in Cincinnati. 11.00 ATV News. 11.06 Thriller.

BORDER

1.20 pm Border News. 6.00 Lookaround Friday. 6.30 Enterprise. 10.30 There Was A Time. 11.00 Golf (Bob Hope Classic). 11.45 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather 4.15 Bugs Bunny. 6.00 Channel Report. 6.30 What's On Where 6.35 Brown Study. 10.28 Channel Late News. 11.00 Golf (Bob Hope British Classic) 11.45 News and Weather in French

GRAMPIAN

9.25 am First Thing. 1.20 pm North News 6.00 North Tonight including Sports Desk. 10.30 Pavilion Rock (Ralph McTell). 11.00 Golf: Bob Hope Classic 11.45 Wild, Wild World of Animals 12.15 am North Headlines and Road Report

GRANADA

11.50 am The Bubblies 1.20 pm Granada Reports. 6.00 Granada Reports. 6.30 Kick Off 10.30 Union World 11.00 Golf 11.45 The Late Film: "Taste of Excitement."

HTV

1.20 pm HTV News 6.00 Report West. 6.30 Lavrine and Shirley. 10.28 HTV News. 10.30 Report Extra. 11.00 Golf (Bob Hope Classic). 11.45 The Entertainers

HTV Cymru/Wales—10.48-11.03 Y Byd A'i Bethau. 11.34-11.49 About Wales. 12.00-12.10 pm Ffalabalam. 1.30-2.00 Under Manning. 4.16-4.45 Llwybr Y Leming. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre. 10.30-11.00 Outlook.

SCOTTISH

1.20 pm News Headlines and Road Report. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 That's Hollywood. 11.00 Golf: The Bob Hope British Classic. 11.45 Late Call. 11.50 The Spy's Wife.

SOUTHERN

1.20 pm Southern News. 6.00 Day by Day 6.00 Scene South East (South East Area only). 6.30 Out of Town. 10.30 Wheels 11.00 Golf: The Bob Hope British Classic. 11.45 The Loveral

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround 6.00 North East News. 10.32 About Britain. 11.00 Golf. 11.45 Paris by Night. 12.15 am Poet's Corner.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 6.00 Good Evening Ulster 6.30 Here's Boomer. 10.29 Ulster Weather. 10.30 Witness. 10.35 Mork and Mindy. 11.00 Golf Highlights (The Bob Hope British Classic). 11.45 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.32 Westward Late News. 11.00 Golf: The Bob Hope British Classic (highlights). 11.45 Night Flight. 12.15 am Faith for Life. 12.20 am West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 11.00 Golf. The Bob Hope British Classic (highlights). 11.45 Mannix.

RADIO

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 5.30 Newsbeat 5.45 Roundtable. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Ed Stewart from Moor Park Golf Club, Hertfordshire for the Bob Hope British Classic (S); including Racing from Ascot. 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 David Symonds with Much More Music (S). 8.00 Victor Sylvester Jr and his Orchestra at the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 The Grumbleweeds. 10.30 The Bing Crosby Show. 11.00 Peter Clayton with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News 9.05 This Week's Composer: Brahms (S). 9.55 Aldeburgh Festival 1981 (S). 11.20 Delme String Quartet (S). 12.00 Buxton Festival Concert, part 1 (S). 1.00 pm News. 1.05 Concert, part 2 (S). 1.55 Baroque Music (S). 2.55 Leeds International Piano Competition (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play It Again (S). 7.00 Bach Violin Sonatas (S). 7.45 Ulster Orchestra, concert, part 1 (S). 8.45 Barnes' People. 9.05 Concert, part 2 (S). 9.55 Xenakis and Birtwistle (S). 11.00 News. 11.05-11.15 Biber (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 Talking to Animals, by Barbara Woodhouse. 9.00 News. 9.05 Desert Island Discs (S). 9.45 A Sideways Look at . . . by Anthony Smith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Cancer and the Mind. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Letter From. . . . 4.15 Morality. 4.45 Wodehouse. 6.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 To the High Andes. 11.45 Friday Treat. 12.00 News.

(S) Stereophonic broadcast
‡ Medium Wave

Landscaping a graveyard

BY IAN HAMILTON FAZEY

AROUND BRITAIN

LIVERPOOL

RELICS OF Britain's great industrial past can still be seen when the tide goes out at "The Cassie." This esoteric Scouse name means "Cast Iron Shore" in English and refers to the stretch of the Mersey where waste castings from a nearby ironworks were dumped in the early 19th century.

Such treatment of the landscape was, of course, permitted in those days, especially if the work was not only Britain's, but God's. For the foundry made churches, shipping them out in prefabricated cast-iron sections to be bolted together in Africa.

Years later in the Dingle, between the Cassie and the Herculaneum dock, Esso built a tank farm. When this closed four years ago the last industry disappeared from the area.

Now, there is a miserable devastation. Esso's tanks have been demolished, the disused Herculaneum dock is full of silt, tipping has made the land near the river bank unstable and, if one was looking for a symbolic graveyard of capitalism, this would probably be it.

Some might find it fitting then that millions of flowers will soon be planted there. These flowers, however, will not be in memoriam—they are what is hoped will bring the Cassie, Dingle, and Herculaneum dock back from the dead.

Last week Mr Michael Heseltine, the Environment Secretary, announced that Britain's first national garden exhibition will be staged on the 250-acre site in 1984. In charge of the £9.8m project will be the Merseyside Development Corporation (MDC). After the exhibition half the site will be turned over to housing and factories.

But more than that is hoped for, and on a scale that will bring benefits well beyond Merseyside. For what Britain stands to gain, say the planners behind the scheme, is a bigger, more profitable, faster developing horticultural industry.

Indeed, Mr Richard Cass, a landscape architect with Brian Clouston and Partners, who carried out the feasibility study for the project, says that Britain's horticultural industry is so fragmented that no one really knows how big it is. The implications for development of its markets are therefore serious, as is its liability to attack from countries with greater horticultural marketing coherence.

This fragmentation is thought to have been inevitable in a country with higher proportions than elsewhere of houses as opposed to flats and owner-occupiers as opposed to tenants, since there are many more private gardens per thousand households. The private gardener is therefore the prime target of the horticultural industry, with the landscaping side of the business in relatively little evidence.

This contrasts greatly with, say, Germany. There five times as much resource as in Britain is put into public open space, with the result that there is a large market in the public sector for landscaping and horticultural companies.

Their national organisation plays a major role in German national garden exhibitions, one of which is held in a different city every two years, with every fifth one a major international event.

The first such garden exhibition is believed to have been held in Essen's Grugapark in 1937. This provided the basis for revival of the idea in 1953, with Essen the site again. In early post-war Germany the exhibitions were staged on sites laid waste by bombing, providing an incentive to reclaim the land and landscape it well. After the exhibition, each site was turned over as parkland to the community staging it.

Mr Cass thinks that Britain has let go a great historical tradition typified by Birkenhead Park (the conceptual model for Central Park, New York), Regent's Park in London, and Sefton Park in Liverpool. "Since the 19th century we have created no major new urban landscapes for public use," he says. "Most of our parks are level, open grassland with a few trees and shrubs."

The Liverpool project will be far from that. Because the site is very exposed, good landscaping will be critical to provide enough shelter for plants to survive the sometimes vicious wind off the Mersey. Reclamation and contouring will, in fact, begin shortly so as to give maximum growing time for trees.

As well as exhibition halls, there will be an arena, an amphitheatre, restaurants and riverside walks, all of which will become permanent features on the waterfront.

At least 3.1m visitors are expected, bringing in enough income to reduce net costs to £800,000. Visitor figures will be even higher, however, if the Bureau Internationale des Expositions in Paris grants an application for international status.

Stoke-on-Trent, which hoped for the first exhibition, will stage the second one in 1986, reclaiming land from a derelict steelworks. Merseyside's case for 1984 was undoubtedly strengthened by the summer riots, 18 per cent unemployment, Mr Heseltine's August sojourn there, and the fact that the MDC already had the money and land available.

Short-term jobs created will be 510 on reclamation and infrastructure, 550 on the exhibition, 550 in spin-off tourism, and 900 in subsequent house and factory building. After that there should be 1,550 permanent jobs in the factories.

All of that is vote-growing stuff, and it will not have escaped Mr Heseltine's notice that 1984 will probably also be an election year . . .

The disused Herculaneum Dock.

Marmagoa's Ascot chances good

RACING

BY DOMINIC WIGAN

THE CARD at Ascot today, although not of yesterday's calibre or tomorrow's promises to provide some interesting racing. The William Hill Handicap looks particularly competitive.

Twenty have been declared for the five furlong sprint supported by the turf's biggest sponsor (£250,000 in 1981) and it is with much more hope than confidence that I intend turning to Marmagoa.

This Nick Vigors three-year-old and son of Saritamer, won for the second time in less than a fortnight by beating Bold Polly at Warwick on June 6.

On his only appearance since that victory, which saw him giving the runner-up 12 lb, Marmagoa did well to get within a length of The Huyton Girls in Sandown's summer handicap after taking too long to get into his stride.

Marmagoa must have sound win and place prospects, if only he can reproduce the early speed which enabled him to lie up with the pace when scoring at Brighton towards the end of May. He is preferred to Kathred, who will be bidding to follow up stable mate, Oh Simmie's success of a year ago in the corresponding race, the Pains-Wessex Handicap.

Kathred (bidding to become Reg Hollinshead's 51st winner of the season) came right back to his best in beating Katysue, with more in hand than a three-quarters of a length verdict might suggest, at York last time out. However, the race was over six furlongs, and it is possible that he will not be as effective over today's trip.

ASCOT
2.15—More Oats
2.45—Marmagoa***
3.15—Melodrama*
3.50—Western Knight
4.20—Chivalry
4.50—Curve the Wind**

REDCAR
2.45—Penanang Hill
4.15—Sledgehammer

THE MANAGEMENT PAGE EDITED BY CHRISTOPHER LORENZ

A little extra effort eases the pain of redundancy

Whitbread, the UK brewer, is smoothing the departure of its surplus workforce. Arnold Kransdorff reports

OLD-TIMERS at Whitbread like to tell the story of how one of their breweries was saved from catching fire during the London blitz. While the fire brigade was dousing adjacent buildings, the water ran out—but the day was saved when the beer taps were turned on.

True or not, more than three decades later the company, which is having to slim down to ride the recession, is turning out another kind of firefighter in the person of Bridget Litchfield.

A modest 32-year-old, Litchfield has a sympathetic ear and a smile that would disarm even the most belligerent of redundant shop stewards.

In fact, this is exactly what she does. She leads a special team—highly unusual in British industry—which tries to make life as easy as possible for workers made redundant.

And her approach to the problem has been of sufficient interest for at least six other companies, many with still unannounced plans for redundancies, to pay her a visit. Some of them are planning to launch similar programmes and at least two management consultancies are planning to model their programmes on her lines.

When making workers redundant most British companies are conspicuously negligent in providing employees with anything but their statutory rights—ie, a redundancy cheque. A few, notably the British Steel Corporation, have introduced counselling services on the basis of self help.

At Whitbread, Litchfield goes much further. Apart from offering a counselling service, which is designed to help people overcome the domestic and psychological problems of redundancy, she arranges for employees (if they want) to see financial advisers: with redundancy payments of up to £40,000, Litchfield feels that some employees may well require sound investment recommendations.

In addition, she organises an extensive job-search programme to place the redundant workers in positions with other local companies — with notable success. Alongside this she runs training courses on how to find other jobs.

In recent months, when the company has announced closures at three separate depots (affecting almost 500 people), she has been one of the first to be mobilised.

As soon as those to be made redundant have been told she has been ready to move in with a team of three others, including a company psychologist. The first move has been to erect a mobile office in a conspicuous location; and instal "informal" furniture such as coffee tables and garden furniture.

At the company's Luton brewery, where 250 workers were made redundant in April, the office became affectionately known as "The Departure Lounge." At Tottenham, in North London, where 180 are being paid off this week, Litchfield's accommodation is dubbed "The Way Out Centre."

Caring

Next on Litchfield's programme is a move to the company's Lewisham bottling depot, where 66 workers are due to be made redundant in January.

Litchfield is no stranger to handling redundancies. This time last year, as personnel manager of Whitbread London, scores of people had passed through her hands. The effects of redundancy worried her.

It was then that she decided that something more should be done — if only to demonstrate that Whitbread was a "caring company." Up to then, any redundancy programme simply amounted to offering limited advice.

In Whitbread's case there were special problems to deal with. In the first case many of those being made redundant had been with the company all their lives and were unused to dealing with the "cold, hard world outside the factory gates." Secondly, the company often employed more than one member of a family and redundancy, therefore, was especially difficult. In many cases the people affected were not particularly literate.

On the other side of the coin, she reasoned that there could also be spin-off benefits for the company if the redundancy problem was handled well. Apart from goodwill, problems arising out of the run-down might be curtailed, with consequent savings.

With all this in mind she wrote a paper for Whitbread London's directors, who gave her programme rapid approval. Within months, and with a new title of resettlement manager, she was putting her ideas into practice at the company's Oakley Road brewery in Luton, a town where Whitbread was one of the largest employers.

There, it had been decided to cut the workforce by 50 per cent at all levels, first through voluntary redundancies and then compulsorily, on the basis of last in, first out.

The redundancies were announced on April 1. Three months' notice was given but those affected were not required to work more than four weeks.

In the event of future vacancies at the brewery, the company, as part of the package, offered to re-engage people who had not found jobs.

Redundancy pay-offs were generous—varying according to age and length of service but ranging from a minimum of a third of gross salary for those with less than four years' service to a maximum of three and a half years' salary.

Litchfield and her team were not involved in the redundancy negotiations, only with the so-called "after-care." "Our role," says Litchfield, "is to get people into a positive frame of mind. We hope to achieve a change of attitude, as well as to offer help."

She adds: "At the beginning of both programmes there were the inevitable tears and recriminations. Because we are basically a young team and most of those being made redundant were middle-aged, it took time to get their confidence. The informal atmosphere helped. But as time went on there was a dramatic change. People became more cheerful. They saw that we were genuinely interested in helping them—and this made them feel less alone. Quite apart from anything else there were virtually no problems during the run-down period; quality control, for example, was not affected."

Litchfield's counselling services are designed to help the redundant workers overcome any social and financial problems.

On the social side, the loss of a job can often affect a family's domestic relationships and there is often a psychological problem caused by loss of status, says Litchfield. "It helps to have someone to talk these things through."

Of course, the financial side is invariably a special problem, says Litchfield. "Many of the people involved are totally unskilled in money matters and the redundancy payments are often the largest sums they will ever receive at one time. Frequently, for the people involved, it will be the first time that there will be no income coming in, and this is often difficult to handle."

To help overcome this, Litchfield arranges for the employees to see a number of advisers, including representatives from two banks, two building societies, two insurance companies, a Whitbread tax adviser, the company's pension adviser, an unemployment benefits officer as well as a supplementary benefits officer. "This is done to achieve a balance," she states.

Some workers, especially at Luton, expressed a desire to become self employed. To help them, Litchfield called in advisers from the Small Firms Centre, which is run by the Department of Industry. Whitbread is also in the process of setting up its own New Ventures Board, intended to give employees advice on how to set up their own business.

In the event, there were two examples at Luton where staff set up their own businesses—one as a motorcycle repairer and the other as a tropical fish supplier. Redundant staff at Tottenham, it appears, were less inclined towards self employment.

The third arm of the redundancy programme—and perhaps the most revolutionary—involves the job-search scheme.

Armed with a file for each employee, Litchfield and her team try to marry their skills with available jobs in the area—no mean task in today's climate where unemployment is topping 8 per cent in North London. This involves using the Yellow Pages to ring up local companies, keeping in close touch with nearby government-run Job Centres and even writing to the local Member of Parliament to check if there are any new businesses opening in the neighbourhood. "Seventy-five per cent of local jobs are not advertised," says Litchfield.

"In Luton, more than 250 companies were contacted and more than 1,000 vacancies identified. A total of 21 people got job offers. One person got three job offers," says Litchfield. "He decided to accept two of them—both as a sales representative."

Probably because of the experience gained at Luton, Litchfield's success rate at Tottenham has been significantly greater. Up to the end of last week, more than 2,000 vacancies had been identified and there had been 50 job offers.

Co-operation

All job vacancies are categorised and brief details included on a daily summary sheet posted on notice boards, on which also appear government announcements on financial benefits and training schemes.

The employees are encouraged to browse around the offices at any time of the day, and consult the counsellors.

The other part of Litchfield's programme involves training courses on how the employees should go out and get another job. Two basic courses are offered—one for manual workers and the other for supervisors.

The former is a relatively short course lasting just two hours which illustrates how a potential employee should "sell" himself on the telephone, fill in an application form and conduct himself at an interview.

The supervisors' course is longer; it lasts three days and covers instruction on how to prepare a curriculum vitae, fill in application forms and develop interview techniques.

One of the reasons for the programme's success is the amount of co-operation gained from the main union involved—the Transport and General Workers: Shop stewards were consulted from the beginning.

Of equal importance has been the attitude of the Whitbread London board. Litchfield is full of praise for the way in which her team has been supported; with a budget of £8,000 in Tottenham (excluding her own and one other counsellor's salary) she reckons that the whole exercise has also been cost effective.

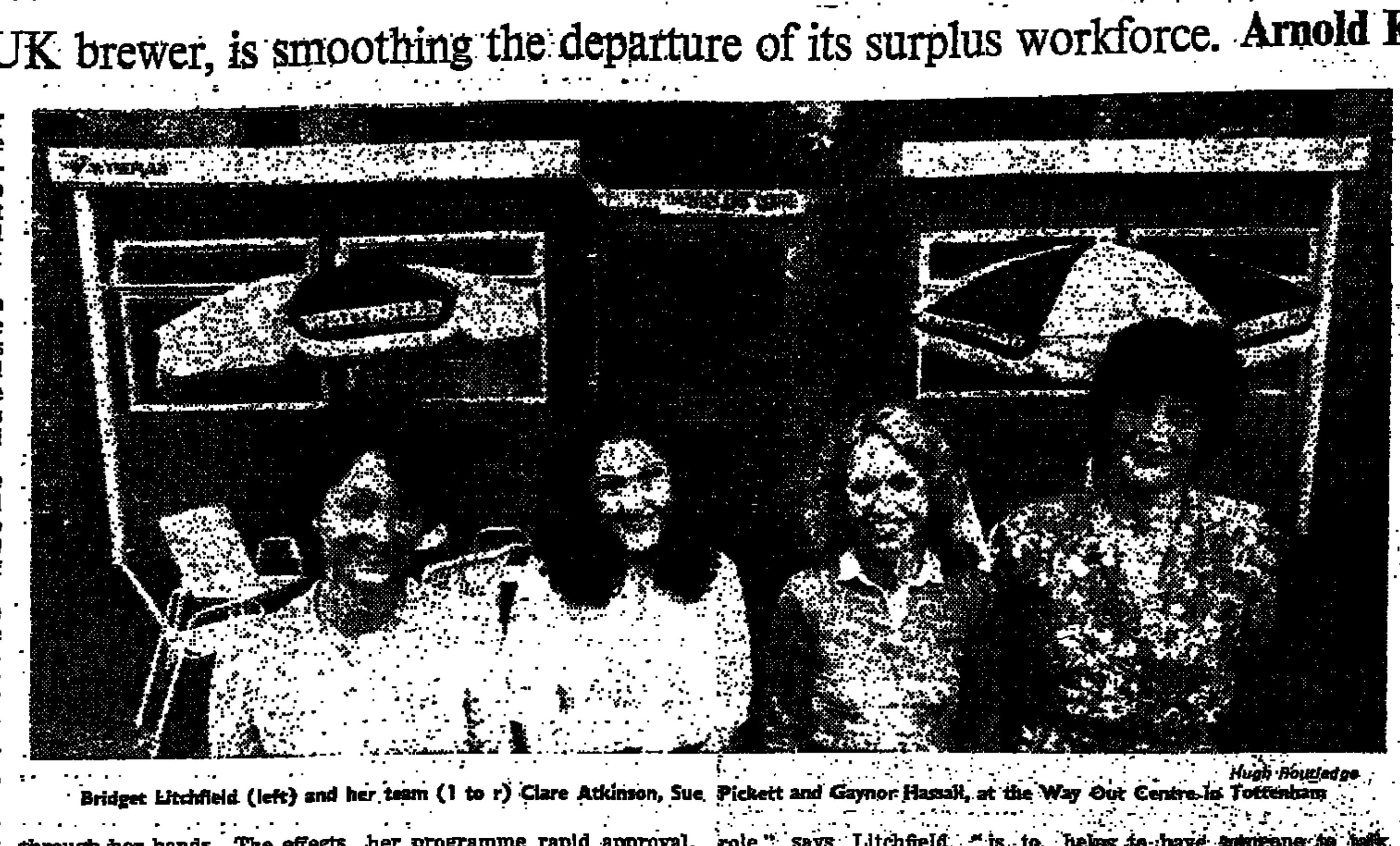
And Dick Pearson, Whitbread London's personnel director, says that the company has a reputation for caring about the people who work for it.

"When, sadly, redundancies have to take place, we believe it right to do all we can for those affected, not only by making generous redundancy payments but also by helping people towards a new start in life.

"What we have seen is the development of a new idea over the last 12 months into a comprehensive and imaginative approach which I regard as highly successful."

But perhaps the best measure of the programme's success can be judged by the reaction of those people made redundant.

Robert Callow, secretary of the local Tottenham branch of the TGWU, who was himself one of the casualties, is full of praise for Litchfield and her team. While regretting the necessity for layoffs, he said his members had been impressed with the help offered. "People are quite cheerful and there has been no trouble," he said.



Hugh Routledge

Bridget Litchfield (left) and her team (l to r) Clare Atkinson, Sue Pickett and Gaynor Hassall, at the Way Out Centre in Tottenham

'Manufacturing the key to Japan's mastery'

THE ABILITY of Japanese industry to make products which are cheaper but of better quality than those of its Western competitors relies less on the conventional explanations — government support, cultural factors, and more automation — than on the quality of its personnel and production management.

The only effective response to the Japanese challenge is a combination of better personnel management and technological innovation, in both products and manufacturing processes. Otherwise today's massive factories will become "ghost towns."

These are the two central claims of an article by three Harvard academics on "The New Industrial Competition," published in the latest issue of the Harvard Business Review*. Using the example of the U.S. motor industry to illustrate an argument which is applicable to other industries and countries, William Abernathy, Kim Clark and Alan Kantrow suggest that many American companies have failed to use manufacturing efficiency as a competitive weapon in recent years, relying instead on styling, marketing and distribution.

By contrast, claim the authors, it is "painstaking strategic management of people, materials and equipment" which are the mainspring of Japan's competitive edge in cost and quality. The article estimates that the average landed cost advantage of small ("subcompact") Japanese cars in the U.S. last year against a domestic model was about \$1,270—two or three times most previous estimates — which represents an advantage of almost a quarter.

Surprsingly, the authors conclude that what they call production hardware — such as robots and advanced assembly plants — has so far been of relatively little significance in the competitive difficulties of U.S. manufacturers.

Instead, it argues that Japan's manufacturing advantage rests mainly on the interaction of materials control systems, maintenance practices and employee involvement. The authors imply that the key factor is interdependence between different units within a factory and in separate plants, a relationship that motivates or forces everyone concerned to perform efficiently.

At the heart of the system is the concept of "just in time" (best known under the name of Kanban). This is designed so that materials, parts and components are produced or delivered just before they are needed.

Because the system will not work if frequent or lengthy breakdowns occur, "it creates inescapable pressure for maximising uptime and minimising defects," the authors state. This pressure, in turn, supports a vigorous maintenance programme; most Japanese plants operate with only two shifts, they report, which allows for thorough servicing and results in a much lower rate of machine breakdown and failure than in the U.S.

Pressure for elimination of defects also makes itself felt in the relationship of producers with suppliers, and in working practices on the production line, says the article, emphasising the importance of the concept of Jidoka, which encourages workers to stop the line if problems arise, so they are immediately brought to everyone's attention.

If the American motor industry is to react effectively to the Japanese challenge, the authors argue, it must be prepared to innovate, both in the products it makes and in the way it makes them.

**Harvard Business Review Sept-Oct 1981. Reprint orders to Reprint Service, Harvard Business Review, Boston, MA 02163, U.S.*

Christopher Lorenz

Bechtel

In Wednesday's article on Bechtel on this page a photograph of Charles Schultze, former economic adviser to President Carter, was inadvertently used instead of George Shultz, former U.S. Treasury Secretary and now number two in Bechtel.

Cinema

The iron in Poland's soul

by GEOFF BROWN

Man of Iron (A) Academy Cinema 2
The Constant Factor (A) Gate 2
Escape from New York (AA) Studio Oxford Street; Classic Haymarket, Tottenham Court Road, Leicester Square
Memoirs of a Survivor (X) ABC Shaftesbury Avenue

This is unmistakably Poland's week, with two major films on view—*The Constant Factor* by Krzysztof Zanussi, completed early in 1980, and Andrzej Wajda's massive *Man of Iron*, inspired by the events in Gdansk last summer. The strike in Gdansk's shipyards and the subsequent recognition of the Solidarity trade union may be 12 months away now, but the reverberations can be felt every day and *Man of Iron* provides a special excitement no other new film in London can give. For we see a moment of historical change caught on the wing by a major film-maker in a mixture of documentary and fiction; the mixture may not be formally perfect (the film's structure could certainly be tighter), but the constituent parts are magnificent enough to make this one of Wajda's most impressive achievements.

Before *Man of Iron* came *Man of Marble*, of course—an epic, ironic examination of the manufacture and destruction of a worker hero in the Fifties (the film is revived, incidentally, at the Electric Cinema Club on October 4). Some of the fictional characters, performers and plot strands are blended into its successor. Maceij Tomczyk, son of the man of marble Mateusz Birkut, helps ferment the revolution in the Gdansk shipyards, where he works. The student Agnieszka, whose projected film on Birkut provided the framework for *Man of Marble*, is seen continuing her quest for the truth, marrying Tomczyk in the process, suffering harassment with him and spending the strike period detained by the police. Yet stylistically and thematically *Man of Iron* is far from a straightforward sequel. For the slow thaw in Poland's political climate since *Marble* in 1977 has meant that Wajda can now get to grips with his country's history without relying so much on the subterfuge of fiction.

Wajda incorporates into his narrative some of the newly released film coverage of the 1970 revolt, at Gdansk and Gdynia, when the army fired at workers in the streets; this forms part of the visual and verbal material collected by Winkel, the hapless media man sent to Gdansk with orders to amass damaging evidence against Tomczyk.

We also see the negotiations between the strike committee and Vice-Premier Jagielski's Government Commission (the footage comes from the powerful student documentary *Workers '80*, shown a few weeks ago during BBC's Polish weekend). But perhaps the most potent of all the actuality scenes are those shot by Wajda around the shipyard itself. We see the strikers sitting on top of walls, the flurry of messages passed through the bars, the unlocked door through which people are casually admitted as visitors (once a permit has been supplied)—all these details have the kind of resonance that no history book can capture.

Wajda's urge to document the causes and development of the 1980 strikes nevertheless pulls the whole film a little out of shape. Constant flashbacks to events in Tomczyk's past and the kindling of his political conscience provide a useful history lesson, yet they also weaken the narrative drive and render the fascinating character of Winkel more marginal than Wajda surely intended. Tomczk is the man of iron—the passionate activist forged out of the hard grind of a Polish worker's life in the Seventies. But some of Wajda's most rewarding scenes are devoted to Winkel, the man of putty—a radio producer whose lost integrity finally surfaces after years of work on "rubbish in Warsaw" and a fair quantity of vodka.

With the help of Marian Opiana's superb performance, Wajda perfectly catches the comic side of the manipulations and pressures with in Polish society (we saw the dark side in *Rough Treatment*). Everyone wants his signature on receipts and statements: he reels about from general confusion and lack of alcohol; summoned to his hotel restaurant by a party functionary, he immediately scurries to the kitchen, trailing clothes and suitcases, in a doomed attempt to escape the showdown. But he survives, resigns from his job and joins Solidarity (as Wajda himself did); for all the occasional heaviness of its historical analyses, *Man of Iron* finally bubbles with life and optimism.

Wajda's younger colleague Kryzsztof Zanussi presents an equally striking, though far chillier portrait of contemporary Poland in *The Constant Factor*. His hero, Witold, is in some ways another man of iron, who refuses to bend and compromise his ideals to fit in with the corrupt society around him. There is corruption at the hospital where Witold's mother is sent for cancer treatment (he finds it takes discreet envelopes of banknotes to secure the best attention), while his boss, who organises exhibition installations constantly fiddles expense accounts and pads the bankroll.

Witold discovers this with naive astonishment: the attentions of a friendly nurse, Grazyna, seem to bewilder him just as much. For refuge and guidance he turns to two passionate interests—mathematics and mountaineering—which also provide the film with its motivating metaphors. The constant factor of the title comes from mathematics; scenes are punctuated by beautiful aerial shots of mountains and clouds among which Witold's father met a mysterious death. Both subjects postulate a world of pure, remote, beauty.

Zanussi manipulates his narrative and metaphors with his customary elegance and precision: he has a rare ability to pin down the essence of his characters and their society in a handful of shots. The director's clinical vision has its drawbacks too: the characters may be highly rewarding to observe, but they are not exactly easy to sympathise with, and this particular man of iron appears a touch cold and self-righteous, especially when placed alongside Wajda's creations. But this is no crippling defect: provided one is well wrapped up for its cool climate, *The Constant Factor* is an invigorating experience.

Bleak visions of society dominate other new films. *Escape from New York* pitches us into the Manhattan of 1997—a state prison sealed off by mined bridges, walls and impenetrable water. Unfortunately the President himself becomes a prisoner when he bales out from his hi-jacked plane. This brilliant, cheeky plot premise comes from the brain of John Carpenter, the American director who won deserved acclaim for his low-budget frolics *Dark Star* and *Assault on Precinct 13*, though his reputation has drooped since then.

Escape is not quite the film to bolster it, for the advantages of its bold plot are largely thrown away once the exposition is over. Arch rebel Snake Plissken (Kurt Russell) is sent to extricate the Preident (Donald Pleasence) from the ravenous crazies and criminal packs who populate the wrecked streets. The mission produces many quaint environmental details: we see wrecked, graffiti-strewn versions of the 42nd Street library, the World Trade Centre and Madison Square Garden. But the dramatic tension needed to bind these sights together and keep audiences on edge is dangerously slack. Something has also gone wrong with Carpenter's humour. Before he plundered Hollywood's past, particularly the work of Howard Hawks, with the gleeful grin of the true film buff. Now the grin is disappearing; the clichés remain naked and unadorned.

If only Manhattan's debris had infiltrated *Memoirs of a Survivor*, David Gladwell's distressingly botched adaptation of Doris Lessing's novel, set a few years in the future when the seams of British urban society are cracking right open. As the film stands, the daintily littered streets provide just one instance among many of Gladwell's failure to bring any coherence to Lessing's fantasy about the importance of love and understanding in a forbidding world.

Gladwell, an experienced editor, previously made a BFI film, *Requiem for a Village*, which sensitively traced the relationship between Suffolk's rural past and asphalt present. But he is here fighting with material beyond his (and probably anybody's) grasp. The novel relies too much on the interior musings of its "survivor" (played with boring solemnity by Julie Christie), and so many of its conceits—like the heroine's explorations of a Victorian world behind a wall in her apartment—remain visually unworkable. I apologise for dismissing this film so swiftly—it is, after all, a British film with ambition. But this is one of those occasions when a gentle drawing of the critical curtain serves everyone's interests.

Jerzy Radziwilowicz in Man of Iron

New music in Glasgow

by MARTIN DREYER

Glasgow's fifth international festival of contemporary music, *Musica Nova 81*, which has just ended, was as much scholarly as festive—and no less enjoyable for that. The week maintained a pleasantly enervating intensity. What it celebrated was some healthy heart-searching among its five featured composers, each of whom was given a seminar-platform to justify past or present foibles. Much elegant verbiage, not to mention several mildly mesmeric settings of counter-productive programme-notes (surely composers should be banned from writing their own?) ultimately paled before the music itself. The presence of the Scottish National Orchestra (co-sponsors of the festival with Glasgow University), almost as orchestra-in-residence, meant a heavy diet of large-scale works, a most welcome change from the kind of chamber-group menu normally available at festivals of this kind.

Old-guard rigour was personified by Milton Babbitt, Princeton's professor of music these past two decades. Despite his rapid intellect, tenacious convictions and ready wit, system seems to have triumphed over instinct in his recent music. The landscape of *Ars Combinatoria* (1981) was so packed with detail, all of it perfectly logical on paper, that paradoxically it came to sound featureless: the old problem of wood and trees. In fairness, though, it received only an approximate reading from the BBC Scottish Symphony Orchestra under Nicholas Cleobury. Rehearsal time was at even more of a premium for his *Relata I* for large orchestra, written in 1965 but only now unveiled in Britain. Its unrelenting 48-part polyphony spattered the players so widely that brass inevitably predominated. Was this computer-music written out for orchestra? At any rate, the SNO under an uneasy-looking Sir Alexander Gibson seemed to resent being treated so mechanistically.

Babbitt's electronic contributions were altogether more successful. *Vision and Prayer*, a setting of Dylan Thomas for soprano and synthesizer, discovered a confident singer in Lynn Anderson; *Reflections*, for piano and tape, had an equally enterprising soloist in Robert Taub, a young American making his first appearance over here, who juggled its wild dynamic contrasts as to the manner born. (He was also an engaging advocate of works by Leon Kirchner and Seymour Shifrin). Ultimately, however, apart from his personality, Babbitt's real value to Musica Nova was as catalyst—some would say scapegoat—for the repressed emotions of the neo-romantics, who seemed to be in a majority among the Glasgow audiences.

Following rather too closely in Babbitt's footsteps was Jonathan Harvey, seduced perhaps by his relatively new-found professorial status: in his festival commission, *Whom Ye Adore*, which severely taxed but did not overwhelm the SNO, an evident desire for systematic procedure outstrips the kind of sustained illumination that is so admirable in *Persephone Dream*, heard recently at the Proms. Apart from three reflective "pools of stillness" and an ethereal ending, the new work lets in very little light or air. Much more appealing was his electronic *Mortuos Plango Vivos Voco* ("I mourn the dead, summon the living"). Here the treble voice of his son, Dominic, is superimposed upon the quirky harmonic spectrum of Winchester Cathedral's great tenor bell, whose inscription provides the title. Even reduced to stereo from its original eight tracks, the result was both spacious and gripping.

Alexander Goehr was refreshing for his deliberate avoidance of the purely academic. Having confessed to feeling that he was "more or less groping in the dark" in his last six pieces, he contradicted himself in the nicest possible way with his festival première, *Deux Etudes*. The music crossroads, gazing backwards clearly revealed Goehr at a with something close to reverence in two movements: an expensive pre-Messiaenic elegy, and a bright Mahlerian scherzo set off by a stridently macabre march in place of a trio. High, barking horns are among its many imaginative orchestral gestures. If these really are studies for something larger, the omens are excellent; on their own, they marginally outlast their inspiration.

Scottish music and the younger generation were represented by the effervescent Judith Weir, who is now starting her final year as Glasgow University's Cramb fellow in composition. Her festival commission, *Ballad*, ostensibly a reworking of Senta's ballad in "The Flying Dutchman," turned out to be a masterful seascape in the best British tradition, dependent for its effect not so much on its solo baritone line—firmly projected by Stephen Varcoe—as on its richly-scored harmonic ambiguities and a cunning use of motifs for both description and development. Apart from her *Thread!*, a witty cartoon-style chamber piece inspired by the Bayeux tapestry, and John Lunn's brief but vital *Echoes* for piano and tape, there was no other Scottish music to be heard. Musica Nova is surely now so firmly established that a greater display of native talent next time round will hardly risk incurring charges of parochialism.

The only composer to conduct his own works was Witold Lutoslawski, still as spry and modest as ever despite his 68 years, who seemed to warm every event he attended. Indeed, the SNO sat up perceptibly straighter every time he took the podium. If the festival had a single climax it came in an electrifying performance of his *Cello Concerto* with Roman Jablonski, a brilliant soloist, fiery yet restrained. New to these shores were the ethnic *Five Songs* after poems by Kazimiera Illakowicz, given a sometimes captivating, sometimes jerky delivery by the soprano Elise Ross, and *Novelette* (1979), five exquisitely facetious miniatures which culminate in a typical *ad lib* section vividly described by the composer as "sculpting in liquid." The SNO was on top of its form. *Novelette* was finally a victory for instinctive gesture over intellectual commitment, an invigorating battle that had been waged in one way or another all week long.

New Half Moon

Instant Enlightenment Including VAT

by B. A. YOUNG

The enlightenment offered by the Kasna seminar in Andrew Carr's play, which he directs himself, is not exactly instant but may be achieved through three 15-hour days and an evening's briefing. The VAT is payable on the fee of £220, paid in advance. At the same time a document must be signed pledging the applicant to obey the ground rules.

Though the welcome offered by the trainers is embarrassingly effusive, with a round of applause for every observation, the routine is fierce indeed. The trainers are transformed into harsh automata, and give their orders in an emotionless shout. The rules forbid any communication between the trainees, and no one may speak without having held up his hand for permission. Max, the "oracle" as he calls himself, addresses his students by the term that the Americans deodorise as assholes. Who else, he asks reasonably, would pay £220 for a course about which they know nothing?

Various disciplines are harshly imposed by Max (Robin Nedwell) and his three robot assistants (Carmen Rodriguez, Robin Halstead and Joanna Munro). By individual examination or by physical exercise, trainees are taught to mistrust conceptual thinking, to shun belief that is not reinforced by experience, to learn that man is a machine whose mind seeks only, without freedom of choice, to avoid threats to survival. One student, Malcolm, makes constant impatient interruptions. He is there with the object of writing a piece in a Sunday paper exposing the whole Kasna business, and it seems silly of him not to have been as tractable as he could so as to observe as much as possible. Each time he demonstrated, Max would remind him menacingly of what happened in Australia.

Though the problems (the "factors" as Kasna calls them) are real enough, it had not occurred to me that we should take the proceedings quite seriously. Yet when they are over, we hear participants' reactions—Kitty (Mary Peach) feels as sexy as ever but takes a different view of it; Don (Lewis Jones) won't promote his favourite at the bank but the man due for promotion; Ginny (Amanda Kirby) has a new idea of her parents; Melanie (Angela Rooks) thinks the whole affair a swindle. Even Malcolm (Ralph Bates) tells tearfully about his suicide attempts in Australia and, even less convincingly, joins the business as a trainee instructor.

I finally resolved my doubts about Mr Carr's earnestness with a theory that he is satirising today's obsession with sociology. The universities today are full of people reading sociology, and if you ask them what they are going to do when they come down, they tell you that they are going to teach sociology. This seems to me a parallel progress to that depicted in the play, whose frivolous title must surely be a warning against accepting it as real philosophy.

Robin Halstead, Holly Wilson and Joanna Munro

Leonard Burt

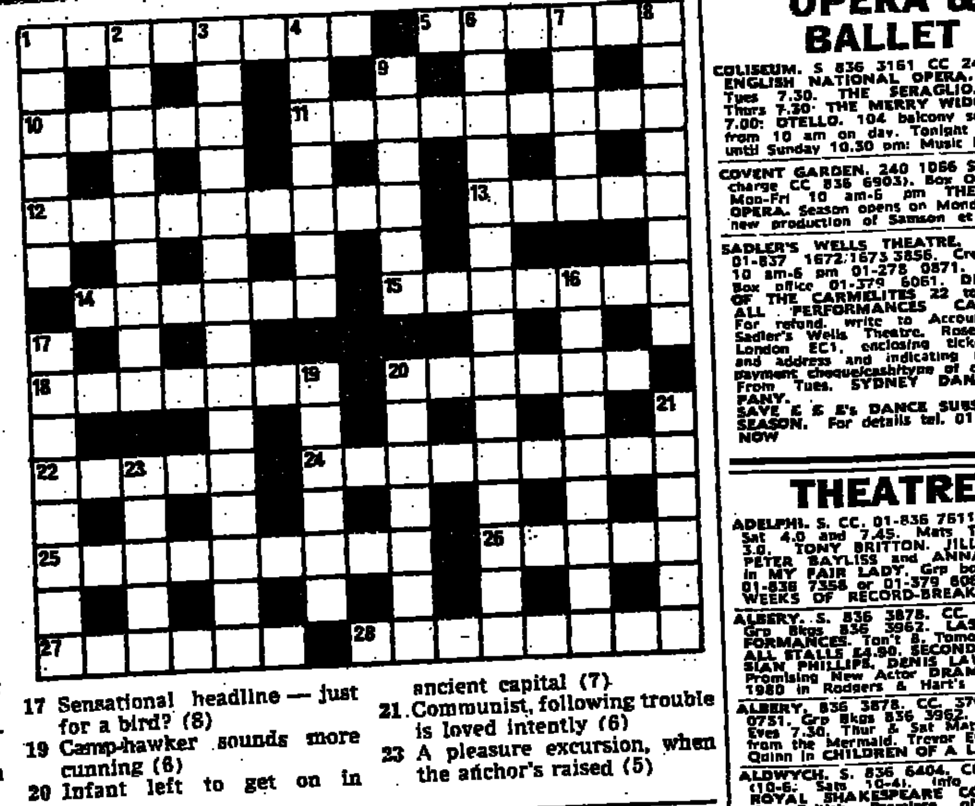
Arts Council Touring's autumn season

Arts Council Touring's autumn season will take 21 drama companies, five dance companies and five opera companies on approximately 250 weeks touring to more than 170 venues throughout the country.

The range and scale of productions supported by Arts Council Touring is wider than ever this season, including the first tour by London Festival Ballet's small company of soloists and principals, a two-man show by the National Theatre of Brent and major opera subscription series from Welsh National Opera, Opera North and Scottish Opera.

A major highlight will be the re-opening of the Birmingham Hippodrome in October, following extensive renovations including a new orchestra pit and fly tower, with assistance from the Council's housing the arts fund.

F.T. CROSSWORD PUZZLE No. 4,681

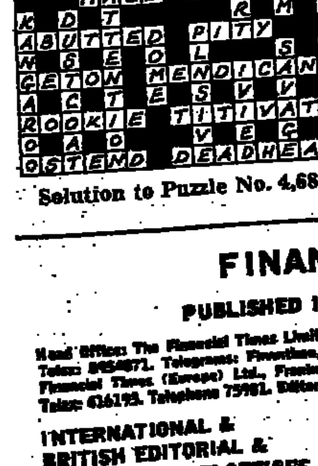


ACROSS

1 Fits back in front of angle, but it's rather difficult (8)
5 Love to use explosives in Russian province (6)
10 Membrane that needs learner to make parchment (5)
11 Where, in France, to set in action a light racing-boat (9)
12 Farewell for today kind sir it's said (4-5)
13 Class giving information to you and me (5)
14 Predicted it could be the end o' me (6)
15 Small-time criminal putting American bonnet on Scottish chimney (7)
18 Can work create a bright star? (7)
20 Did the Board of Trade get some fine wool? (6)
22 Time to muse (5)
24 Board and arrive at a plateau (9)
25 Spoil doctor with genuine thing of marble (9)
26 Fragrant oil from an aquatic carnivore we hear (5)
27 Feel discontent with salesman in the East (6)
28 Spike finished outside, but is made beloved (8)

DOWN

1 Wild, except about silver (6)
2 The place for stag racing? (4,2,3)
3 She is one of them (8,7)
4 Aquatic animal died, but its skeleton lived on others parasitically (7)
6 Supporter of glasses possibly has big need for those (6,2,3,4)
7 Groan about gas (5)
8 Keen resentments in book are boring (8)
9 A way to an irritating sensation and pain (6)
16 Old John of Gaunt from North-western city (9)
17 Sensational headline — just for a bird? (8)
19 Camp-hawker sounds more cunning (6)
20 Infant left to get on in ancient capital (7)
21 Communist, following trouble is loved intently (6)
23 A pleasure excursion, when the anchor's raised (5)



Solution to Puzzle No. 4,680

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Friday September 25 1981

Rational gloom and the market

THE VIOLENT correction now going on in the markets naturally tends to spread gloom over the whole economic prospect. It is true that the Government's hopes, as much as those investors, have received a sharp setback from developments in the U.S.; but City rumour tends to sweep aside such modest judgments, and speculate on major and probably unwelcome shifts in strategy. It is useful, when such a mood is in the air, to have a calm assessment of the Government's purposes from its chief economic adviser, Professor Terry Burns.

Balance

Since America's troubles are very similar to those of Mrs Thatcher's first 18 months—a contradiction between monetary objectives and the proposed fiscal balance, and a credibility problem about the likely scale of Government borrowing—it is only too easy to jump to the conclusion that the whole policy approach is seen to have failed twice over. In America, as the President protests, his remedies have not yet even been tried: and in this country, as Professor Burns argues, it is much too early to reach a verdict.

A point which is perhaps more apparent between the lines than in the text of his speech is that the necessity of consistent fiscal and monetary policy took a long time to sink in. The first Conservative budget, which both raised prices and involved an excessive—and drastically under-estimated—borrowing requirement, got the strategy off to a very poor start.

Nevertheless, monetary policy remained unaccommodating—if it is judged by narrow money or by the exchange rate, though not on the chosen definition. This had dramatic effects. Sterling rose temporarily far further than was expected, or should have been necessary, and the rate of inflation of costs and prices in the private sector fell sharply. From the point of view of private industry, as Professor Burns only implies, real interest rates were and are high; this and the competitive squeeze combined to cause a violent shake-out of stocks and productive facilities.

The real costs of this approach—and especially of the attendant policy errors—have been high, but there are some real achievements to show for it. The inflation rate has stood still for two years, even when the costs of high interest rates and higher public charges is taken into account. This is not negligible, after two decades in which the trend was rising and accelerating — an important point.

More recently, it has become apparent that the long decline in competitiveness may also have slowed. While it is sadly true that recent gains in productivity have their obverse in the unemployment figures, British industry has proved more robust in a terribly adverse climate than anyone could have predicted. This was the basis of the market's recent hopes of a recovery.

That hope is now deferred, and the darkest hour no longer holds any visible promise of dawn; but it is hard to see how any change of domestic strategy could alter troubles which arise in the world monetary and trading system. In some respects the Government's policy is more successful than has been recognised—in tightening the fiscal balance, cyclical effects apart, and in reforming and rationalising funding and monetary controls.

Reform

There remains a long agenda where Professor Burns's statement of Government aims risks confusing hope and achievement. The reform of market structures—which should include competition as well as the labour market—has scarcely begun. Decisions on public sector investment seem muddled, and tend to leave a vacuum which sucks the Government back into heavy support for loss-making enterprises. The Government's presentation of its policies is unconvincing, and it is very unpopular, partly as a result. But despite all this, the broad strategy has sown some seeds of hope—and the radical alternatives are hardly attractive.

The case for Mr. Healey

THERE IS A widely held view that one of the best things that could happen in British politics would be for Mr Tony Benn to win the deputy leadership of the Labour Party on Sunday and then to take over the party. The assumption is that Labour would be reduced to an extremist rump incapable of winning a General Election. The moderate left would be represented in future by the Social Democrats.

Tenuous

There is one major reason why we do not go along with that approach and continue to hope that Mr Denis Healey will win. It is that the assumption is far too tenuous. It is impossible to predict what will happen in the next two years or so before the election takes place, but it is not entirely fanciful to suggest that a worsening economic situation could lead to the return of a Labour Government, whoever leads it.

Such a government would not need the support of a majority of the electorate. Under the British electoral practice of first past the post, it is possible to win control of Parliament with a little over 30 per cent of the vote. The fact that we are no longer living under a two-party system increases the chances of that happening—whether the beneficiaries turn out to be the Liberal-SDP Alliance, Labour or even the Tories.

It is also worth looking at how Labour has been doing in the opinion polls. Over the last few months — some would say considerably longer — the Labour movement has been showing all its warts in public. Yet the latest Gallup Poll, published in the Daily Telegraph last week, gave Labour 36.5 per cent against 32 per cent for the Conservatives. Even when those polled were reminded of the possibility of an electoral pact between the Liberals and the SDP, the Labour share was 31.5 per cent against 28 per cent for the Conservatives and 39.5 per cent for the new Alliance. It seems that a substantial part of the electorate is prepared to support the Labour Party, regardless of its internal problems and perhaps regardless of whether it is moving left or right.

The Party over which Mr Benn and Mr Healey and their cohorts are fighting is in many ways profoundly unattractive. It is divided, sectarian, disorganised and undemocratic. The behaviour of the Transport and General Workers' Union executive in declaring for Mr Benn is merely the latest example of an abuse of power which has become endemic. Even Mr Healey has trimmed his policies. It is no longer possible to present him as a guardian of the mixed economy and of full British membership of Nato and the European Community. He may be fighting, but he also fudges.

Yet the example of other countries — and the history of the Labour Party itself — suggests that these problems can be overcome. In Germany the SPD renounced Marxism and reformed itself. In Sweden the Socialists look set to return to power backed by an alliance with the trades unions. Labour has had internal strife before, yet survived to form moderately successful governments, at least by British standards.

Struggle

The struggle for reform will be a long one, even if Mr Healey were to win on Sunday by a handsome majority. What we should also watch next week is the election to the National Executive Committee; it could be that at long last there will be a move away from the extreme left. There might then be a gradual evolution of Party policy back towards the mainstream. We would also hope that the trades unions would draw some lessons from their exposure to the public view and begin to reform their own undemocratic procedures, perhaps in the process distancing themselves from so direct an involvement in the Labour Party.

It would be a difficult task, but infinitely preferable to concede a victory to Mr Benn. Mr Benn told an interviewer from the Guardian this week that the real obstacles facing this country are "American nuclear bases, the Common Market, the Civil Service, the multinationals and the role of the media." Anyone who regards that as a piece of profound analysis will believe anything. The unions ought to come to their senses.

SHARE PRICE SLUMP

Why red lights are flashing

By Richard Lambert and Martin Taylor

THE stock market rarely makes the front page of most newspapers — and when it does you can bet that prices are plummeting. The suddenness of the collapse of share prices in the past fortnight has been dramatic, but the conditions which produced it have been building up for months.

What actually triggered the decline was an innocent-sounding announcement from the Bank of England on Monday last week to the effect that it had lent money to the discount houses overnight at 13¾ per cent.

Until then, the Bank had been feeding the money market with funds at not much above 12 per cent, and its change of stance signalled its view that interest rates in general had to rise.

Within a couple of days the clearing banks had pushed their base rates up from 12 to 14 per cent, and share prices were in headlong retreat. By last night, the FT 30-Share Index had fallen 64 points—or 12 per cent—in the space of nine trading days.

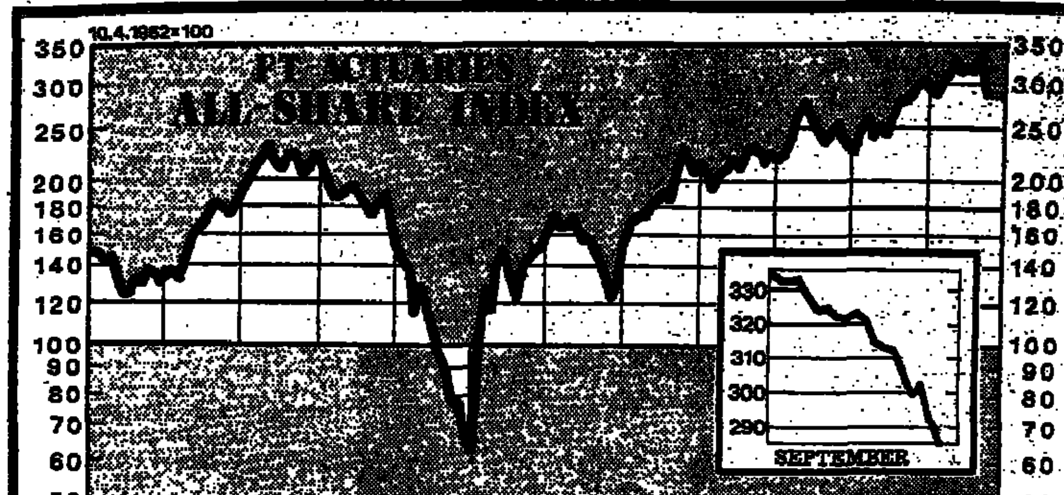
But the Bank of England has not been actively leading the markets, so much as responding to changing financial conditions in London and around the world. Indeed it had spent much of the summer massaging short money rates in London down and it was only when sterling's gradual depreciation began to turn into a rout that it felt obliged to act.

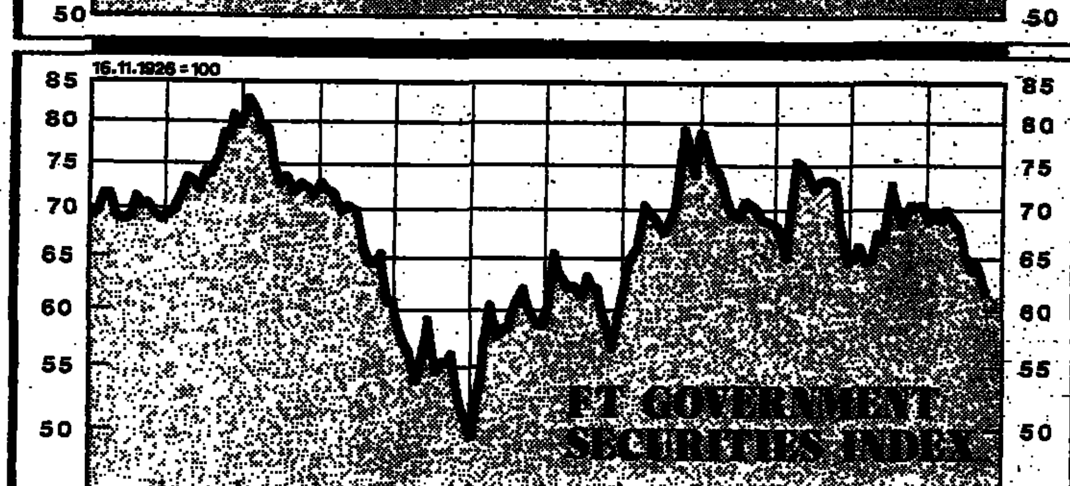
The upset in the financial markets is the result of deep concern about the contradictions within U.S. economic policy; growing doubts about the UK Government's financial strategy; and, more generally, a feeling that governments everywhere are having negligible success in their efforts to grapple with the structural problems of their economies.

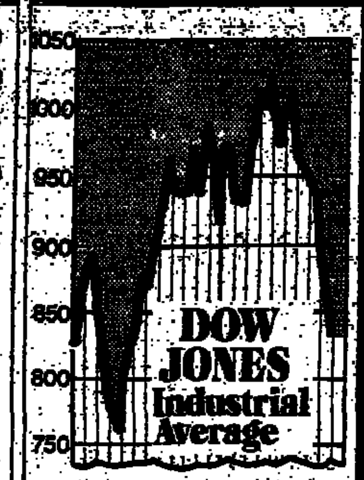
Whereas a few months ago there was widespread agreement that interest rates were bound to fall steeply well before the end of 1981, there is now at least a threat that they could rise still further. The implications of a prolonged period during which interest rates are well above the rate of inflation are uncertain but alarming.

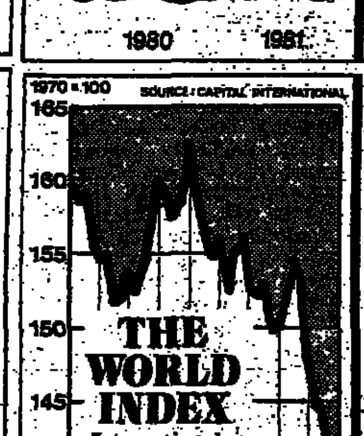
The red lights first started flashing from New York in the spring. The initial euphoria on Wall Street about the election of a tough Republican president began to fade when the financial implications of his programme started to become clear. Like Mrs Thatcher two years previously, the new administration found it easier to cut taxes than reduce spending.

As estimates of the Federal budget deficit spiralled upwards, the idea that interest rates would be permitted to fall sharply back from their historically very high levels gradually disappeared. High-grade utility bond yields, which had stabilised somewhere below 15 per cent in the first quarter of 1981, started to move up again and eventually climbed above 17½ per cent.









Martyn Baines

Long bond yields are a barometer of confidence in a Government's financial policy, and this sort of level says unflattering things about the Reagan anti-inflation programme. Recently the Administration has been reduced to bad-mouthing the financial markets—almost always a sign of weakness.

Parallel to this decline in the bond market, U.S. equities have fallen steeply. The Dow-Jones Industrial peaked at 1,024 at the end of April and has since fallen by the best part of 200 points. Share prices have had to compete with the higher returns available on fixed-interest securities and have also had to adjust themselves to the possibility that the unprecedented level of real interest rates may provoke a worrying business recession.

Sterling had become a virility symbol

Financial markets round the world have caught the Wall Street sickness. In London, where gilt-edged yields—except at times of serious concern about the dollar—have tended to be a point or two higher than comparable U.S. Treasury bond yields, the bond market fell steadily across the summer. Yields on high-coupon 25-year British Government stocks had risen above 15 per cent by the end of August from little more than 13 per cent in early April. They are now over 15¾ per cent.

But it is not just the pressures from international financial markets which have sent the FT Government Securities Index spinning down in the direction of a five-year low during the course of this summer. Major uncertainties about the domestic economy have also played an important part.

To start with, the outlook for further declines in the rate of inflation started to deteriorate. Treasury forecasts at the time of the Budget in March pointed to a 10 per cent annual rate of inflation by the end of this year and an 8 per cent rate by the middle of 1982. But these hopes have looked increasingly implausible as the decline in sterling has accelerated.

There has been anxiety, too, about what is happening to the UK's trade balance and money supply. The underlying figures were lost or distorted during the summer months as a consequence of the civil servants wage dispute. But the signs were not encouraging—and have been vividly reflected in the performance of sterling. Having been around the 100 mark in April, the Bank of England's trade-weighted index was down to about 90 by the end of August—and falling.

These trends threatened to undermine the City's confidence in the Government's economic strategy. Sterling, after all, had become a sort of financial virility symbol during the previous couple of years, and the rate of inflation had developed into the main yardstick by which the success or failure of Government policy had to be measured.

Yet for many months, share prices in London held remarkably steady—apparently unmoved by the weakness of the Government bond market or by the setbacks in a number of other equity markets around the world.

The London market was knocked back by a stream of large rights issues from the beginning of May. But the FT 30-Share Index surged up by roughly 60 points between mid July and mid August, and with a flurry of trumpets the FT-Actuaries All-Share Index hit its all-time high point of 338.64 on August 17.

There are a number of explanations for this apparently perverse performance. There were few signs of a general improvement in the activity of British manufacturing industry. Yet there were sound reasons for hoping that the level of profitability had passed the nadir and was heading for a sharp improvement from what was admittedly a very depressed base.

Most industrial companies had made enormous reductions in their overheads by laying off workers and closing factories. And the fall in sterling was bound to have a very favourable impact on reported profits.

Moreover there was at least a hope that the UK economy would begin its long awaited recovery at some time in 1982, and share prices began to discount this possibility.

But bond and equity prices cannot move in opposite directions for ever. The gap between the yield on shares and gilt-edged widened to a virtually unprecedented extent: by mid-August high-coupon 25 year bonds were yielding 9¼ points more than the All-Share Index.

The bulls needed to find good reasons to justify this extreme divergence, and for a time they succeeded. On a 12-month view, the impact of accelerating profit on equity dividends would quickly narrow the gap, they argued. Bonds were going out of fashion worldwide, since five years of financing high budget deficits had left fund managers with a large commitment to fixed-interest paper, much of which was standing at a loss.

The decline began to feed on itself

And although the yield on equities relative to gilt-edged might have been low, in absolute terms a return of roughly 5¼ per cent on the All-Share Index did not look particularly vulnerable by the standards of past stock-market cycles.

For all these comfortable arguments, the yield gap was at full stretch, and it looked as though gilt-edged would have to show a much firmer tone if equities were to advance any further. In the event, the Bank of England's move to defend sterling by raising interest rates pushed gilt prices down and undermined the bulls' rationale.

At that point, no one could pretend any longer that interest rates in the UK were at or near a peak from which they could be expected to fall in the near future.

The fall in sterling was seen to be two-edged: rather than being a simple means of restoring the profitability of British industry, the fall in sterling had reached the stage where the Government was being forced—late—into taking painful remedial action.

The other effect of higher interest rates has been to make the market question its assumptions about the speed of economic recovery. The outlook for demand was fragile enough anyway without the added discouragement of dearer money.

Almost overnight, the market's mood changed, and share prices began to fall with increasing momentum. By the end of last week, the decline was beginning to feed on itself. Active traders like the unit trusts were taking profits while they were still substantial, anyone who was trading on borrowed money was making for the exit and chartwatchers were bearish almost to a man. They pointed out that the All-Share Index has been rising almost without a break for five years, and bull markets do not go on for ever.

Worst of all, perhaps, is the feeling that the Bank might not have raised interest rates far enough. Deposit rates in the interbank market have pushed up to around 15½ per cent, suggesting that the money markets feel another two points rise in rates is possible. Sterling is below the levels, both against the dollar and the D-Mark, which prompted the Bank to move in the first place, despite a fair measure of official intervention on the foreign exchanges.

Into this maelstrom stepped Mr Joseph Granville, a Wall Street guru with an uncanny knack of putting the last straw on the camel's back and claiming credit for its downfall. There is no knowing what direct impact his pronouncements had on Wednesday's trading—in which the FT 30-Share Index fell by 20.5 points. But he certainly made the headlines.

There is no basis for projecting a vision of the Apocalypse in the equity market. Share prices were uncomfortably high before their sharp setback, which has only taken the market average back to where it stood a year ago. Company profits are going to improve, and British industry's not feeling the threat of collective bankruptcy which led to the stock market collapse of 1974.

But while it is important to keep the events of the last fortnight in perspective, it is also necessary to recognise that there are fundamental reasons for the disquiet in the world's financial markets.

Men & Matters

Lazard's Indian summers

"It is a jumbo," David Thomson agreed with modest elation yesterday of the £1.25bn financial package which he and colleague Giles Dereham, of Lazard's, put together to swing the Indian steel works contract for Davy McKee and Britain.

Since they hitched up with Davy nearly three years ago, the duo have been tripping over to India 12-15 times a year for the intensive negotiations which finally beat off strong German, Canadian and Bulgarian competition for the contract.

"There have been lots of ups and downs," says Thomson. "Lots of false dawns."

Midway through the negotiations, there was a change of Government in India. "We had to start dealing with a whole new group of ministers and senior civil servants," Thomson tells me. The experience of a few years' secondment to the Foreign Office in the 1970s proved very useful, he says.

Before they got to more familiar financial territory, there were other technical issues to be surmounted. "Things like whether we should have bloom castings or billet casting."

Throughout it all, says Thomson, the British Government provided a magnificent back-up, culminating in the £100m aid that forms part of the package. (And, perhaps, its endorsement of the bar to Enserch's takeover bid for Davy.)

Thomson plays down the expertise with which he and Dereham stitched together the complex financial deal. "No Western European country could finance such a project on its own," he says. "We simply worked back from that point."

Both his father and his grandfather won Nobel prizes for physics, and he is delighted to have helped win this different sort of prize for Britain.

Some £550m of the work will be carried out in this country—"and it will be widely spread through most of the high unemployment areas," he enthuses.

Down market

While just about everything else in sight was on the way down on Wednesday, one share price was climbing to a new peak—that of the stock market tip sheet Fleet Street Letter.

After Granville, there was an obvious demand on the Stock Exchange for news and views from other sources and FSL, which recently came to the Unlisted Securities Market on a wave of optimism, saw its share price reach 100p.

Nigel Wray, of FSL, could not offer any glad tidings, alas. "If Wall Street does not stabilise, we cannot recover," he was quoted as saying. Collapse might not be so precipitous as Granville forecast, but "it would be unwise not to look for further falls."

Unwise, indeed. FSL's shares joined the trend yesterday and fell to 94p.

Driving force

While Nissan keeps both the Government and the motor industry guessing about its plans to establish a car plant in Britain, company president Takashi Ishihara has been here this week to see another investment come to fruition.

The Nissan Institute of Japanese Studies, funded by a £1.5m donation from the company, has been formally opened in Oxford.

Attached to St Antony's College, the Institute will be headed by Oxford graduate Dr Arthur Stockwin, who for the last 20 years has been a university lecturer in Australia.

A specialist in Japanese politics and international relations, Stockwin tells me that the Institute's teaching will focus on the political and social sciences and modern history.

Academic links will be forged with Japan. Ishihara emphasises that the founding gift was intended to "strengthen co-operative ties" between the two countries.

As for other possible industrial ties, he caused a ripple of confused excitement among English reporters by commenting on the subject in Japanese.

My interpreter says the message is the same in both languages. "You'll have to wait and see."

Congress house

With many trade unions beginning to feel that the clock is being turned back anyhow, the £2m appeal launched yesterday to restore the TUC's birthplace in Manchester's Mechanics' Institute should attract a deal of support.

The Institute has stood empty since 1966 though the city council has spent £350,000 eradicating dry rot and making the listed building weather-proof.

Now a group of North-West trade unionists plan to turn the Victorian building, where the first Congress was held in 1868, into a trade union centre and museum of Labour history.

Like so many decisions since, agreement to call the first Congress was reached at a nearby Salford pub, The Three Crowns. And in Whit week 113 years ago, 33 delegates from such esoteric associations as the Yorkshire Glass Bottlemakers, the Eccles and Swinton Painters, and the West Gorton Boilermakers gathered for a five-day conference.

Facing all sorts of repression, speakers looked, with ironic foresight, to a time "when human labour would be dispensed with and men would only be required to guide and manage machines."

The meeting was judged so successful that it was resolved to hold an annual congress "for the purpose of bringing the trades into closer alliance and to take action in . . . the general interests of the working classes."

Somewhere along the road since, the pioneers' plan to meet in "centres of industry" was scrapped by more sybaritic successors who preferred the seaside.

In committee

There is jubilation at the Department of Transport. David Howell, the new Secretary of State—formerly at Energy—has been appointed to the Cabinet's E committee on economic policy. No such elevation has ever been achieved by a Transport Minister before.

The word is that it will strengthen the Department's voice where it matters.

Don't count on it, however. Howell's appointment is probably just as much an attempt to strengthen the economic team of like-minded ministers around Mrs Thatcher. It was the E committee which James Prior made such a fuss about remaining on when he went off to Northern Ireland—then missed the first meeting.

Brr-ruin

Reflecting the Stock Exchange mood, this story was doing the rounds yesterday. An investor turned up at a company annual meeting and went to sign the register. "I'm sorry sir," said the young lady in charge, "I dont think you are a shareholder."—"Oh, that's all right," he replied. "I'm just here to observe our bear position."

Observer

FINANCIAL TIMES SURVEY

Friday September 25, 1981

Investing in Turkey

The Turkish Government now has a less restrictive attitude towards foreign investment. The law has been amended to speed up applications, while generous export incentives have been introduced and capital increases have been made easier.

Crowds throng the streets of Istanbul. There are increasing signs that the country is now set on a more stable course, but inevitably it will be some time before Turkey is seen as an attractive field for foreign capital

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Nation's policies now more liberal

By Hazel Duffy

TURKEY'S economic situation has improved substantially in recent months and is even beginning to arouse hopes that January 1980, the date of the inception of the new economic policy, *may be seen historically as a turning point in the Turks'* long struggle to join the developed Western nations.

Under the tutelage of the military who seized power on September 12 last year, the Government is pursuing a tight monetary policy devised with the support of the International *Monetary Fund and the OECD.*

The main points of that policy have already brought demonstrable results: inflation is below 40 per cent from a peak 133 per cent in February 1980; exports have jumped 54 per cent in the first seven months of this year, and foreign investors in Turkey are making expansion plans where once *they were thinking only of* retrenchment.

To the outside world, however, *Turkey remains a country* which could not pay its debts and until fairly recently was a battleground for what have inevitably been dubbed extremist factions.

A new political and economic harmony are clearly essential to the process of creating a climate which will be attractive to *foreign capital.*

No-one is more aware of the obstacles *that still lie ahead* than Mr Turgut Ozal, architect of the new economic policy, whom one admiring businessman calls "Turkey's Adenauer." Mr Ozal sees the fight against inflation as all-important but *points out that the huge* fall in the past 12 months has been the easiest step.

The Government's aim is that inflation should fall below 25 per cent by the end of 1982. But Ozal admits that it is much more *difficult* to keep the rate of inflation at a lower level than to achieve the initial cut.

Ozal can *permit* himself the luxury of comparing the past with the present. "I think Turkey was in a worse state at the beginning of 1980 than Poland is now," he says. "In the middle of Ankara's harsh winter even *the Prime Minister's office could* not be heated.

"Shortages of essentials were reported from all over the country—coal, fuel oil, light bulbs, even aspirins. Today, 95 per cent of the reports from officials in the provinces say that there are no shortages."

Ozal is quoted so often in *official* and commercial circles that it might be thought he bears all Turkey's problems on his broad shoulders. In fact, he is the inspiration for a whole new breed of technocrats in Ankara, several of whom have given up much larger salaries in private industry to help to create a new economic order.

Others were buried in the bureaucracy but are now being given the chance to pursue more enlightened and outward-looking policies.

These people, in Ozal's own office, in the Foreign Investment Department, the State Planning Office, and other departments, are the key to ensuring that the new policy for the encouragement of *foreign capital will indeed be* implemented.

Comparison

Contrary to *world business opinion, Turkey did not set out* to oppose foreign investment. Law No 6224, dating from 1954, under which *most* foreign capital has entered the country, was liberal compared with those *framed by many other developing countries.*

The application of that law has been different, however, as the evidence of those companies which have set up in Turkey demonstrates all too clearly. The dominant concept behind Turkey's economic development used to be import-substitution.

Consequently, companies which wanted to import components for assembly in Turkey *found* the import licence system, *aggravated* by shortages of *foreign exchange*, to be especially restrictive.

As one senior official admits: "Companies were shovelled from one department to another. When they did succeed in setting up, they had so many operational difficulties in getting *permission to bring in personnel,* transmitting profits, etc., that they became exhausted and most of them regretted that they ever came here."

The result has been that foreign companies have not seen their Turkish operations as an *integral part of their international structure,* regarding them more as appendages which might assume greater importance in future.

The prevailing Government attitude towards foreign investment has *now unquestionably* changed. Amendments have *been made to Law 6224 to* speed up applications, generous export incentives have been introduced, capital increases and investment have been made easier.

Now the whole area of manufacturing, mining, agriculture, oil and commercial services is open, at least theoretically, to foreign investment, and the *Government seems willing to be flexible over the stake which a* foreign company wishes to take and the size of projects.

Turkey wants foreign investment for the most practical and obvious of reasons: it needs the cash, *the technology and the* management skills. In its efforts to attract this interest, and to put the economy back into some semblance of order, a fundamental transition in economic *discipline is taking place.*

The *country's industrialists* have not hitherto been interested in exporting, for instance, because the highly-protected domestic market was convenient and attractive.

Furthermore, the high cost of *importing—and, later, the problems of finding foreign* exchange with which to pay for imports—has created an industrial structure which is inefficient by international standards. Those companies which have exported *have done so at a* loss.

The new incentives are necessitating a fundamental change, however. The provision for the import of goods duty-free which are later to be sold abroad is one of a series of *measures making the whole* business of exporting much more attractive. Meanwhile, weak domestic demand is forcing companies to look for overseas markets.

Not all Turkey's industrialists are happy with this situation. *Leading businessmen in Tusiad* believe that the Government *should temper its policy to* make the transition easier, at least for those sectors which are finding it most difficult.

But the Government maintains that its policy *will not be adjusted because there is some* squealing from industry.

The "dynamic adjustment" that the Government is forcing on industry is already having some dramatic effects. *Traditionally, Turkish businessmen* have had to adapt to some difficult situations, and many of them are making the most of the recent changes.

Foreign-owned interests which are making exportable products *are beginning to surge ahead.* Turkey's Middle East neighbours, in particular, are proving receptive to some Turkish exports.

Turkey's record as a field for foreign investment has been poor. Total foreign capital in the country at the end of 1979 was just \$228m. *This increased by \$97m last year, and in the* first seven months of this year the growth was around \$200m.

Much of this, however, is attributable to foreign companies already active in Turkey being given permission to increase *their capital,* many o. *them using the vehicle of the non-guaranteed trade debts* which are a legacy from Turkey's financial collapse in the late 1970s.

New foreign investment interest is only just starting to appear, the banking sector having proved *the most active to date. The liberalisation of* the petroleum law and the invitation to foreign companies to participate in mining ventures are also expected to produce results. In manufacturing, however, the interest so far *has been small.*

The political, and therefore economic, stability of Turkey's future is the question that hangs over every investor. Many believe that the earliest date for *elections will be 1983. Meanwhile, a constituent* assembly charged with drawing up a constitution is to be appointed at the end of next month. It is expected that the membership of the assembly will be deliberately weak, and that even when Turkey returns to a democratic *system of government, General Evren, Head of State* and Chief of the General Staff, will emerge in a strong presidential capacity.

This forecast could be proved wrong if the grumblings of some Western European politicians become more orchestrated. The West German *Government delayed signing an agreement* for DM600m aid, a result of the disquiet expressed by some politicians in Ankara.

The general belief in Turkey one year after the military seized power continues to be one of relief that terrorism has been halted. Foreign company *executives are thankful that factories* can work without the constant fear of being paralysed by strikes. These are obvious benefits for a country which only a short time ago was lurching towards a total stoppage.

But now Turkey has to feel its way back *to a system of government which will allow some freedom of expression* to its citizens and respect for human rights. A new labour law, now under discussion, will restore some of the rights abruptly taken from the unions.

The model is known to be the West German *system of industrial unions and highly structured* wage bargaining. But strikes will probably continue to be illegal at least in certain vulnerable areas like tourism.

Given the need to prove that the country is indeed set on a stable political course, it will inevitably be some time before it will be seen as an attractive field for foreign capital.

Turkey rightly points, however, to the many advantages that it can offer in terms of geographical position, supply of labour, natural resources, and even *stability in comparison with many* less-developed countries.

At the same time, several major Turkish industrial groups are prepared to share the risk with foreign capital by combining on joint ventures.

If Turkey can thus attract a multi-national company *(a term which once made Turks shudder* but is now openly welcomed) to make a new investment it will have proved that it means business.

● INTERNATIONAL CONFERENCE: A one-day conference on Turkey will be held in Washington on Monday, September 28, at the Georgetown Centre for Strategic and International Studies.

INVESTING IN TURKEY II

ARCHITECT OF TURKEY'S ECONOMIC RECOVERY PROGRAMME

FAME and success have not changed Mr Turgut Ozal, the architect of Turkey's economic recovery programme.

He now wears glasses designed by a well-known French fashion house, has given up smoking and is dieting to lose some of his 100 kgs. But he remains the frank, modest and soft-spoken man he was when he joined Mr Suleyman Demirel's administration two years ago as chief economic strategist.

When the Army seized power in September last year Mr Ozal was elevated to the post of Deputy Prime Minister and given an almost free hand to run the economy. He is now one of the most powerful Ministers in the Cabinet and seems to enjoy the continuing support of the ruling generals.

He refuses to talk about politics, saying that he has no political aspirations. His only foray into politics occurred in the late 1970s and was unsuccessful. He stood for Parliament as candidate for the Islamic Fundmentalist National Salvation Party and lost.

The general belief in Ankara is that after democracy is restored Mr Ozal, who is 54, will retain his powers in running the economy in one way or another.

He spent the first 20 years of his career in the civil service. He graduated as an electrical engineer from Istanbul Technical University and for many years worked in promoting some of Turkey's largest electrification projects.

In the late 1960s Mr Demiral, then Prime Minister, made him chief of State Planning Organisation. In 1970 he launched a successful stabilisation programme which was thwarted by Mr Demirel's removal from office by the military in the following year.

Mr Ozal could not get on with the new Government and resigned. Even so, he was twice prevented from going abroad. "Both times I was taken off the aircraft by the police like a common thief," he recalls with lingering bitterness.

At his third attempt he succeeded and left for Washington to work for the World Bank for about three years. He then returned to Turkey to become chief executive for the Istanbul-based Sabanci group, one of the largest in Turkey. He quit a few years later for other private sectors jobs, "but I never became a capitalist. I was always a salary earner," he told a Turkish journalist.

In 1979, as Turkey was being struck by terrorism and grave economic problems, Mr Demirel, again Prime Minister, summoned Mr Ozal to Ankara and entrusted him with the job of reforming the bankrupt economy. Under Mr Demirel's wings, Mr. Ozal launched what was probably the most revolutionary set of measures the Turkish economy had ever experienced.

"This is Turkey's last chance," he said. "We are playing our last card. If inflation is allowed to reach 200 per cent we will go either Fascist or Communist."

But his system seems to have worked. Inflation came down from a peak of 133 per cent to less than 40 per cent, and Mr Ozal became an international figure.

A short man with an easy smile and relaxed manner, he is a devout Muslim who has gone on pilgrimage to Mecca twice.

His gentle personality conceals a tough determination and an almost fanatical faith in his country. He is said to have told the generals that he would stay on if they allowed him to do what he wanted to do and gave him power to do it.

"I am not going to do what I don't believe in," he is reported to have said. "Turkey is capable of performing miracles like Germany and Japan — and will do so.

"In a few years' time Turkey will make advances which will surprise even the most optimistic."

Mr Turgut Ozal—he is now one of the most powerful Ministers in the Cabinet

Substantial improvements underway

IN A WORLD plagued by recession, Turkey is among the few countries that have a hopeful economic tale to tell.

The recovery programme of January last year and the military takeover eight months later together created an environment in which the economy has recovered sharply from near-bankruptcy.

Most indications are favourable. From minus growth in the past two years, the gross domestic product (GDP) is expected to rise 4 per cent this year—the highest in the Organisation of Economic Co-operation and Development (OECD) outside Australia.

Inflation, which peaked at 133 per cent in February 1980, is now less than 40 per cent.

Exports are expected to go up to between \$4.2bn and \$4.5bn from \$2.9bn last year. Invisibles are forecast at \$4bn compared with \$2.9bn. Expatriate workers' remittances, which are the largest component, are likely to grow by \$1bn to about \$3bn.

With the stimulus given by the recent tax restructuring, tax receipts will double to TL 1,400 bn (\$12.7bn). Industrial production is forecast to grow by 8.25 per cent, from a fall of 5.2 per cent last year. Foreign traders are being paid and debt-servicing seems to be proceeding smoothly.

Mr Turgut Ozal, Deputy Prime Minister, recalls that when, in January last year, he was summoned by Mr Suleyman Demirel, then Prime Minister, to draw up a programme of economic recovery, "Turkey was in a worse state than Poland."

"I used to work in an overcoat because not even the Prime Minister's office could get fuel oil," he says. "Every day the provincial governors telephoned with lists of shortages and queues — no aspirin, no light bulbs, no coal, no cooking oil, you name it, we did not have it."

The programme the Government announced was arguably the most comprehensive and radical in Turkish history. The economy, protected behind high tariff barriers and shackled by detailed government intervention has begun to be largely opened up to market forces, Western investment and competition.

It is being re-oriented from protectionism and import substitution towards exports. Banks were given freedom in setting their interest rates and a flexible foreign exchange policy was adopted. Strikes were banned.

Today, with the exception of Turkish coffee (which is imported), the shops are full. With fears of hyper-inflation diminished, housewives have stopped hoarding.

Investment, encouraged by the improved business outlook and increase in public and private savings, is expected to expand by 6 per cent.

A less cheerful area is Government finances and the borrowing requirements of the inefficient

The economy

METIN MUNIR

State Economic Enterprises (SEEs). There are signs that despite the high yield forecast from the tax reform, revenues may not be enough to meet the borrowing requirements of the SEEs. These concerns, which account for more than 40 per cent of added value and employment in industry, are engaged in a wide range of industries—including a number of the monopolies or near monopolies—from shoe-making to mining.

Capacity utilisation in industry is still low at an estimated 55 per cent, despite the alleviation of shortages and the banning of strikes.

Unemployment, variously estimated at between 16 and 25 per cent, is high. Combined with population growth of 2.3 per cent per annum and rapid urbanisation, this constitutes one of Turkey's gravest and potentially most explosive problems.

Economic progress has not, however, been matched by an improvement in the country's credit-worthiness, which remains near the bottom of the international credit rating list. Banks and suppliers, who have had their fingers badly burned, are still cautious. Turkey is still off cover with Western export insurance agencies such as Britain's Export Credit Guarantee Department.

But over the past year Western banks have been rapidly expanding their commercial credit lines and Turkish banks are no longer required to make 100 per cent cash cover for imports. There are also signs that if the economic upturn continues, Turkey may successfully go to the market next year for medium-term loans of modest size.

Now the most crucial question is whether the current impressive rate of growth can be sustained. Mr Ozal is confident that it can. He predicts that "in a year's time" Turkey will reach a current account balance and that real GDP growth will exceed 4 per cent, with inflation at 25 per cent.

Others are doubtful, maintaining that the social cost of the programme is too high to be borne for much longer by the fixed-income groups and the middle class which, they say, is about to disappear. They say that investments cannot grow because bank loans at 80 per cent per annum are too high and the continual depreciation of the Turkish lira is pushing up the cost of investment goods beyond the endurance of private industry.

The growth in exports, the doubters believe, is a transitory phenomenon mainly attributable to the Iran-Iraq war, which has created an unprecedented demand for Turkish goods in those countries.

But there is little doubt that the economy has begun responding positively to the stabilisation programme. Helped by generous loans from the International Monetary Fund and the consortium of Organisation of Economic Co-operation and Development countries, much progress has been made in the past 19 months.

The implementation of a three-year stand-by agreement of \$1.65bn, signed with the IMF last year, is continuing, while the amount of aid pledged by Western countries this year is about \$1bn.

The Government has promised the IMF and its creditors to persevere with the stabilisation programme, restrictive monetary and fiscal policies, restraint on wage and salary increases, continued interest liberalisation, and a flexible foreign exchange policy.

Loans coming by way of the OECD are likely to diminish next year and it may not be possible to make up for the deficit from the banks. It therefore seems crucial that exports and the inflow of Turkish workers' remittances from Western Europe should be given new incentives.

Benjamin Disraeli said more than a century ago: "Turkey is a country of the future . . . and it will always remain so!" At few periods in its history since then has Turkey had a better chance of proving him wrong.

BASIC STATISTICS

Area	781,000 sq km
Population (1980)	45.2m
GDP (1980)	TL 3824bn
GDP per capita (1980)	TL 84,601
Trade (1980 estimate)	
Exports	\$2.91bn
Imports	\$7.2bn
Trade with UK (1980)	
Exports to UK	£49.2m
Imports from UK	£147.1m
Foreign exchange reserves (January 1981)	\$1.286bn
Currency:	
£=TL 215.31	
\$=TL 121.00	
Inflation: after a peak of 133 per cent in 1980, it is now less than 40 per cent.	

The political, and therefore economic, stability of Turkey is the question that hangs over every investor. Above: General Kenan Evren, Head of State and Chief of the General Staff

Controls relaxed in several key areas

Government intervention

HAZEL DUFFY

AT LEAST in theory, Turkey is undergoing a major change from a centrally-directed, strongly interventionist and inward-looking economy to one that is free-market-oriented and internationally minded.

It began in January 1980, when the policy was initiated partly under pressure from the various international aid agencies which came to Turkey's rescue and partly under the volition of these politicians who grasped that radical change was essential to economic advance.

The architect of this policy, Mr Ozal, made it clear from the outset that it should have a significant effect on the attitude towards foreign investment in Turkey.

In pursuing the new economic policy the Government has relaxed its control in several important areas. Interest rates, for instance, have been almost wholly removed from the area of State control, while the machinery which controlled the level and activities of foreign investors has been substantially modified.

A transformation from one type of economy to another would be difficult in any country. In Turkey, where the economy had collapsed under the weight of debt repayment, that transition period will be all the more traumatic.

It is therefore necessary to interpret the changes in the context of the Government's continuing hold on a large part of the economy (more from the lack of a feasible alternative solution in many cases than a firm belief that the State must retain controls) and the uncertainty of some officials as to how best to apply the new policy.

State companies are known as the State Economic Enterprises (SEEs). Partly or wholly owned by the State, they will account for between 40 and 50 per cent of industrial activity and range over many sectors.

Various plans for introducing private capital into the SEEs and restricting their scope of operation are under consideration, but it is likely that they will continue to function as a large—and largely inefficient—sector of the economy.

Government officials maintain that the changes in regulations relating to the operation of foreign-owned companies mean that these are now treated in exactly the same way as Turkish companies.

But the continuing problems encountered by some foreign investors in Turkey indicate that the tentacles of Government intervention are still tight enough to restrict their freedom of operation in vital areas.

The general law relating to foreign investment is Law No. 6224, enacted in 1954. It is held to be one of the most liberal towards foreign investment operating in any country. Theoretically, it confers on foreign capital the same rights and obligations as local capital and guarantees transfer of profits, fees and royalties, and repatriation of capital in the event of liquidation or sale.

Two other measures affecting foreign investment are: Law No. 6326, the Petroleum Law, which has re-opened all oil fields where explorations are found to be inadequate. Since January 1980, oil companies which are wholly or partly foreign-owned have been allowed to export 35 per cent of their production; and prices have been fixed on the basis of world prices.

Decree No. 17 also provides for capital investment in foreign currency but does not allow the remittance of profits and capital except for special cases such as banks and hotels.

Law 6224, remains the statute under which most foreign investment enters Turkey, however. The interpretation of this law over the years has proved much less liberal than its authors perhaps intended; in an attempt to reverse the discouragement towards foreign investment structural changes in organisation and legislation were introduced in January 1980 under Decree No. 8/168.

This decree provided for the setting up of the Foreign Investment Department, which has been given the authority to deal with most of the requests from prospective investors and those already in the country, which were previously handled by no fewer than four departments.

The length and complexity of this multi-departmental structure was, more often than not, enough to discourage most prospective investors and frustrate those already established in Turkey.

The decree has also simplified the regulations and at the same time introduced a degree of flexibility in the interpretation of Law 6224. Permits for investment of less than $50m where the foreign investor takes an equity stake of between 10 and 49 per cent, can be approved solely by the Foreign Investment Department.

Proposals outside these limits still have to go to the Council of Ministers, but it is worth noting that Turkey is now prepared to consider majority or even total control by a foreign investor — for instance in tourism projects.

In addition, certain new categories of exemption from foreign investment regulations have been created in the case of certain Middle East countries and investments which are at least 25 per cent owned by Turkish workers abroad.

Other developments which imply a relaxation of Government intervention in foreign investment include the opening up of mining and agriculture to such capital (formerly closed) and the use of non-guaranteed trade arrears as a means of financing investment by new or existing foreign investors.

Several of the foreign companies operating in Turkey have used this route as a means of increasing their capital base.

Despite these big strides towards making Turkey a more attractive country in which to invest, it must be said that there are still wide areas of control which continue to make life difficult for foreign companies.

The system of import licences, made worse by the shortage of foreign exchange with which to pay supplies, continues to be a hamper to efficient operation in most sectors of the economy.

It is true that Turkey has introduced some handsome incentives which help to alleviate part of this problem (see separate section) but the delays in obtaining licences can still run into months.

The manager of the Sheraton Hotel in Istanbul, Mr William Bauer, says he has been waiting for months for permission to import new lift ropes. When a technician had to be flown over from Athens to correct a fault in the hotel's air conditioning his payment in dollars had to come from Sheraton's head office in the U.S.

Even more serious are the problems of manufacturers who are awaiting for components to enter the country, holding up the final assembly of the product.

Mr Melih Yildizlar, chairman of Unilever's 80 per cent-owned subsidiary in Turkey, points to some of the problems: there is a regulation which specifies that if the net asset value of a foreign-owned company exceeds the share capital the difference constitutes an amount which is "frozen" by the Government—in other words it cannot be repatriated or invested in Turkey.

For Unilever, this regulation has acted as a deterrent to investment, especially since it had to wait years before being permitted recently to increase its share capital.

The company has also encountered the problem that the Government is anxious to increase exports. In Unilever's case, an application to build a new plant for the production of margarine has met with a Government stipulation that it must agree to export 30 per cent of its output.

Unilever replied that it wants to regain some of the Turkish market share which it has lost over the years to domestic producers, and not to export. But Mr Yildizlar is now optimistic that a satisfactory compromise can be reached.

It is clear that some foreign investors have found things more difficult than others, but the general experience can be summed up by the remarks of one of them. "They have always changed the goal posts as things went along so that we never knew what we were going to end up with," he says.

Multitude of problems

State-owned companies

METIN MUNIR

WHILE on a visit to the manager of a State Economic Enterprise (SEE), a foreign businessman was intrigued to see a row of portraits of worried-looking men along the four walls of the room.

Upon inquiry, he learnt that the subjects of the portraits were of the former managers of the enterprise. A quick calculation showed that they had kept their jobs for an average of six months.

"After that discovery I wasn't going to recommend to my company that we go into investment with the enterprise," said the businessman.

Inefficient and transient management is only one of the many problems of the SEEs, which account for over 40 per cent of Turkish production and provide a great variety of goods and services.

These wholly State-owned companies suffer from such chronic problems as political interference in policy-making, vast over-staffing, poor industrial relations, lack of incentives to promote efficiency, and technical inefficiency.

These problems have been aggravated by the easy access the SEEs have had to borrowing from the central bank. They have borrowed heavily, creating havoc in State finances and increasing inflation.

In the current year more emphasis has been placed on financing the requirements of the SEEs from the budget rather than the central bank. According to one calculation, the transfer of funds from the budget to the SEEs will be TL 251bn, or 16 per cent of budget expenditures.

There is a state monopoly on alcohol production and tobacco processing, though it is now being relaxed to allow export-oriented cigarette factories to be set up by the private sector, the SEEs are the exclusive suppliers of basic goods and services such as electricity, rail transport, mining, posts and telecommunications, pulp, sugar, tea, petrochemicals and hard coal.

For the SEEs producing paper, steel, petroleum, liginite and fertiliser there is limited private - sector competition. SEEs account for some 40 per cent of cement output.

The prices of most goods and services provided by the SEEs are above world prices and affect private companies, which must rely on them for their own output.

The January 1980 austerity measures realised the importance of the financial rehabilitation of these institutions and their reorientation to market conditions.

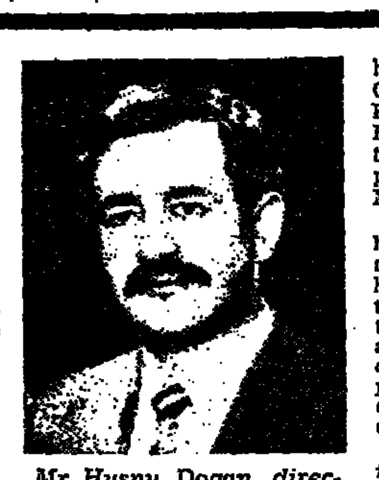
Prices of SEEs goods were made more realistic and Government subsidies began being phased out. Borrowing from the central bank was limited to the agricultural SEEs, which are responsible for buying crops from farmers.

After the coup, the companies were de-politicised and recruiting new staff was stopped. Efforts were made to improve the quality, salaries and tenure of managers. But little fundamental improvement is expected in the short run.

The Government has set up a committee to reform the SEEs. One policy which has emerged so far is that no new SEE will be created and many of the ambitious public investment projects will be discarded. State monopolies or near-monopolies will be opened up to private capital.

Another new approach is to open some of the SEEs to overseas investors and to benefit from foreign know-how, management skills, marketing and capital. Etibank, the State-owned banking and mining corporation, has invited foreign capital to engage in joint ventures in mining.

There are also plans to sell to Turkish and foreign capital shares of some newer SEEs like Tusas (military aircraft), Tumosan (engines), Taksan (machine tools), Temsan (electrical engineering), Testas (electronics), and Telsan (telecommunications).



Mr Husnu Dogan, director of the new Foreign Investment Department

PROFILE: HUSNU DOGAN

A fresh mood of realism

MR HUSNU DOGAN, the director of the new Foreign Investment Department, is a 37-year-old electrical engineer, sporting a drooping moustache. The only son of a widowed mother, he was born in the eastern market town of Malatya and graduated from the Middle East Technical University in 1969.

"I spent a poor childhood in a poor part of the country," he says. "I know what it is to live without electricity, without running water, without roads."

Like most good bureaucrats, Mr Dogan later gained experience in both the Civil Service and private industry. After completing his military service he joined the State Planning Organisation and worked in the Project-making and Evaluation Bureau. He later moved on to the Ministry of Agriculture as personal adviser to the Minister.

In 1978, with the bureaucracy highly politicised, he left the ministry for private industry to help two new production plants to become established—one of these involved foreign capital and it gave Mr Dogan the chance to learn more about the problems that foreign investors experienced with the bureaucracy.

Mr Dogan was one of a handful of people whom Mr Turgut Ozal, then adviser to Mr Suleyman Demirel, the then prime minister, summoned back to the Civil Service in 1979 to help him with his austerity programme.

He was appointed director of the Foreign Investment Department when it was established as a component of the January, 1980, economic programme.

Mr Dogan is typical of the better bureacrats who gained a foothold in the civil service when Professor Necmettin Erbakan, chairman of the now suspended pro-Islamic National Salvation Party, came to the forefront in Turkish politics in the late 'seventies. He is a pious Moslem and nationalistic, but liberal and open-minded.

Mr Dogan is also realistic about his country's prospects for attracting foreign capital.

"We treated foreign investors so badly for so many years that we cannot expect a flood of investment now that we have opened the doors," he says. "Turkey has just started in this business. We have to persevere and show to people, first of all to companies that are already established here, that we have changed for the better. All I can say is that anyone who enters this room with a serious project will not leave disappointed."

Incentives for investors

TURKEY has a complicated system of incentives designed to encourage investments and exports, subject to review every year. The incentives change from sector to sector and are not properly codified. They are open to foreign and Turkish businessmen on an equal basis.

The agency in charge is the Investment and Export Promotion and Application Department (TUD). The director of the department is Professor Ekrem Pakdemirli. (Telephone: Ankara 29-62-79). Here are some of the incentives:

- Customs exemption of between 60 and 80 per cent for capital goods.
- The payment of customs duties in instalments over five years.
- Investment allowance of up to between 30 and 60 per cent of total investment.
- Exemption from the construction tax which is 2 per cent of the total cost of construction.
- Exemption from tax duties and excises.
- Refunding of some interest on medium-term credits.
- Availability of foreign credits in cash and kind.
- Foreign exchange allocation from special quotas.
- Enacting amendments in the tax rates and tariff notes of the goods included in the customs entry tariff table.
- Exemption from taxes and stamp duties in export loans.
- Instalment of up to five years of the indirect taxes incorporated in the costs of investment goods manufactured and produced in Turkey.

There are also a number of incentives intended at encouraging exports.

Business talks made easy by English-speaking top officials

ESTABLISHING contact with the administration in Turkey is easy, compared to some other countries in the region. Ministers and senior officials are accessible and almost all speak a foreign language, English being the most common.

● All inquiries and applications concerning foreign investment are now handled by the Foreign Investment Department, attached to the Office of the Prime Minister. The department provides assistance and guidance to potential investors, reviews and evaluates proposals and issues licences. It grants incentives and monitors project implementation. (The director is Mr Husnu Dogan, Yabanci Sermaye Dairesi, Gazi Mustafa Kemal Bulvari, Demirtepe, 16/3, Ankara. Telephone numbers, 29-75-76, 29-00-06 and 29-84-12).

● Questions on incentives from which a project can benefit should be directed at the Investment and Export Promotion and Application Department, an agency of the State Planning Organisation. (The director is Professor Ekrem Pakdemirli, Tesvik Ve Uygulama Dairesi, Gazi Mustafa Kemal Bulvari, Demirtepe, 16/4, Ankara. Telephone 29-62-79 and 29-65-26.)

● Although there are detailed stipulations in the January, 1980, framework decree for the encouragement of foreign investments, the general principle is that each application is judged on its own merits. In other words, such major considerations as the size of investment, equity and export guarantee can be a matter of bargaining. If an investor is not satisfied with what is offered under the framework decree it can put its application to the Cabinet.

This application should be addressed to Mr Turgut Ozal, the Deputy Prime Minister. Mr Ozal will have the final word, after consulting with his Cabinet colleagues.

● It is wise to establish correct diplomatic relations with the State Planning Organisation (the director is Mr Yildirim Akturk, Devlet Planlama Teskilati, Bakanliklar, Ankara (telephone numbers 25-13-72 and 17-08-75) and with the Minister of Finance (Mr Kaya Erdem, Maliye Bakanligi, Ulus, Ankara; telephone 11-12-51 and 11-36-00).

● The sources of information are diverse—most Western embassies have economic departments and consulates in Izmir and Istanbul.

● There are chambers of commerce and industry in the main Turkish cities.

● The Turkish Industrialists' and Businessmen's Association (Tusiad) is a club of the leading figures in private enterprise. Its chairman is Mr Ali Kocman, Cumhuriyet Caddesi Ferah Apt 233/9, Elmadag, Istanbul. (Telephone: 46-24-12 and 40-12-05.)

● Arthur Andersen has the reputation of being among the best accounting companies and tax consultants in Turkey. (Mr Turhan Yetkin, director Buyukdere Caddesi No. 103, Nilufer Is Hani Kat 1, Gayrettepe, Istanbul. Telephone 66-49-00.)

● For borrowing on the market, any one of the half a dozen larger banks and brokerage houses can be consulted. Is Bank and Ak Bank are among the former and Meban and Banker Kastelli the latter.

● For experience in the field it is possible to consult one of about a hundred foreign companies which have investments in Turkey (e.g. Goodyear, Unilever, Pfizer, Mercedes, Shell, Mobil and BP) and the large Turkish conglomerates (Koc, Sabanci, Transturk in Istanbul, Sapmaz Holding, Adana and Durmis Yasar Holding, Izmir).

● "Pulse" is a summary of the daily Turkish Press in English, published by Mr Vedet Uras, Kozlu Sokak 11/E2, Cankaya (telephone 27-40-94). The Economic Press Agency (EKA) has several newsletters in English, published by Mr Yavuz Tolun, Olgunlar Sokak 2/1, Bakanliklar, Ankara (telephones 18-33-04 and 18-95-18).

A radical change in Ankara's attitude

Foreign investment

METIN MUNIR

ONE OF the most radical components of Turkey's new economic order is the policy designed to encourage foreign investment.

The January 1980 "Framework Decree on Foreign Capital" made a 180-degree turn in favour of foreign capital. It lowered the drawbridges of the citadel in nearly all sectors of the economy and some, like banking, agriculture and mining, opened areas previously closed to foreigners.

Attracting foreign capital now has top priority in many sectors, notably agri-industry, mining, petroleum and tourism. Turkish red tape, once among the most scarlet in the world, has been thrown away, and a wide range of incentives have been introduced.

But perhaps the most radical change has occurred in mentality and attitude. For the first time in many years Turkey has a Government which does not merely pretend that it wants foreign capital; it really does want it; and the higher echelons of the bureaucracy are occupied by people who genuinely share the Government's keenness.

No one expects these changes to cause a flood of foreign investments in the near future. "It certainly has to be accepted that it will be some time before foreigners rush to invest their money in Turkey," says a report by TUSIAD, the influential industrialists' and businessmen's association.

Neither are Turkey's incentives or general attractiveness as yet superior to those of many other countries which also want to attract foreign capital. But a new leaf has been turned, making Turkey, for the first time in more than a decade, worth a second look.

The new Foreign Capital Department, created as an agency in the Prime Minister's office, has been given all authority previously dispersed among various Ministers. It is in capable (albeit inexperienced) hands and has cut down to a few weeks or months the formalities which sometimes dragged on for as long as seven years.

"In the old days they would unleash the dogs and reach for the whip," said the representative of a Western pharmaceuticals company. "Now they unleash the charm and reach for the note-pad." His company recently reversed its decision to pull out of Turkey.

The Foreign Capital Department also issues investment licences, grants incentives and it monitors the implementation of foreign investment projects.

The general principles are that foreign capital shall contribute to Turkey's economic development; direct its activities to fields open to the Turkish private sector; and not create a monopoly.

In general the Foreign Capital Department itself is authorised to issue licences for investments of up to $50m in which foreign equity is no less than 10 per cent and no more than 49 per cent.

Although this is not clear in the decree itself, foreign investors who do not wish to comply with these limitations are allowed to apply directly to the Prime Minister's office.

Fields in which foreigners are permitted to invest are listed to include mining, agriculture, food processing, textiles and garments, chemicals, forestry products, iron and steel, non-ferrous metals, transport (including shipbuilding, engines, aircraft, and the automotive industry), metal-wares, measuring, control and optical devices and instruments, machine tools, steam, gas and water turbines, industrial machines, electrical machinery and electronics.

There are no capital or equity limits in tourism investments or in investments made by or with a number of Arab countries, including Saudi Arabia, Iraq, and the Gulf States.

Apart from these, the impression one gets from Cabinet Ministers and senior civil servants is that the Government is willing to waive the general principles and enter into case-by-case negotiations of conditions if a project is large enough and sufficiently export-oriented.

There are now 104 joint ventures in operation. The total foreign money invested in Turkey in nearly 30 years before 1980 was less than $300m, a small sum compared with the market size and potential. The paucity of investment reflects the difficult and hostile attitude of past governments, political instability and terrorism.

"The problem was created by the bureaucracy, not the law," said Mr Turgut Ozal, Deputy Prime Minister. "Foreigners will change their attitude towards Turkey when they see the progress our economy is making. The market is large. We are 45 million people. Labour is cheap. We have a powerful industry and adequate infrastructure. Turkey is a door to the Middle East. Foreign firms cannot ignore it for ever."

Mr Husnu Dogan, director of the Foreign Capital Department, says: "We need time. One cannot build confidence overnight."

The new policy has already begun to yield limited results. In 1980 the amount of foreign investment made amounted to about $100m, with 25 joint ventures authorised to make new investments or to expand existing capacity. But nearly 90 per cent of the money was in Turkish lira converted from debts to unpaid suppliers which have been made eligible for investment in Turkey. New investments — again mainly financed from the so-called non-guaranteed trade areas—are expected to exceed $200m this year.

Encouraged by the stability and improvement in the economy, Citibank has become the first foreign bank to open a branch in Turkey since the republic was declared in 1923. American Express, the Bank of International Credit and Commerce and Bank Mellat of Iran are to follow.

More than 80 per cent of existing foreign capital invested in Turkey is in manufacturing. It is likely that this pattern will change in favour of sectors like agri-industry, mining and tourism, in which the potential is vast. The recent shift in emphasis in Turkey's exports from Western Europe and the U.S. towards the Middle East and North Africa has underlined the high return on investment potential in agri-industries.

Many Turkish industrialists are beginning to turn their attention to the agri-industries, which is likely to become the biggest growth sector in this decade. Another boom area is likely to be ready-made clothing.

While the recent move towards improving the environment for foreign capital has been important, many things remain to be done if Turkey is to compete with countries like Ireland and South Korea.

Investment incentives are not always clearly defined. Many of them are so complex or vague that even senior civil servants are not sure exactly what it is that they are offering and to whom.

Not even the Foreign Capital Department has a list of the incentives offered to foreign investors.

There is similar confusion about taxation, Customs exemptions and similar vital matters. There is also a lingering resistance against foreign capital in some quarters of the civil service — particularly in the Ministry of Finance, which is the most conservative and protectionist of them all.

It seems, however, that the Government is aware of its weaknesses. The central bank has recently retained a group of Western merchant bankers to help it to solve the muddle, to make the incentives competitive with those of other countries, and to "market Turkey."

Expansion plan by Swiss group

Profile: Ciba-Geigy

HAZEL DUFFY

OWNERSHIP: 75 per cent Ciba-Geigy; 25 per cent Turkish investor; Products: pharmaceuticals, agro-chemicals; employees: 225

* * *

Foreign-owned pharmaceutical companies in Turkey, of which there are now seven, have experienced some very difficult times during the past decade. In the light of a virtual campaign against them and the problems of obtaining permission to bring in materials from their parent companies at a fair price, some companies withdrew completely and most had contracted their range of activities.

It is a mark of the changing attitude towards foreign investment initiated by the Government, therefore, that Ciba-Geigy has made an application to expand its existing plant in Istanbul and also put up another plant.

The application is under consideration by the Council of Ministers in Ankara, and until this is given the go-ahead, the company is reluctant to give any details other than to say that it will involve expanding its existing range of products.

Considering that the whole climate was so inhibiting a couple of years ago that Ciba-Geigy was anticipating a run-down of its activities to little more than having "a foot in the door," it is clear that this operation is responding to the improving situation.

Mr Silvio Stücklin, the Swiss chairman and general manager of the venture in Turkey, does not hesitate to emphasise some of the continuing problems he encounters. Profit margins in the pharmaceuticals industry are controlled, but probably the most frustrating Government regulation for Ciba-Geigy is that which requires it to buy its materials from the cheapest source (the purpose being to protect the value of the Turkish currency as required by Decree No. 17 (i.e. exchange control regulations).

If, for instance, a company copies a material which has been developed and patented by Ciba-Geigy (as it can, if it is a country without patents), then sells it to Turkey for considerably less than the parent company, that price is registered by the Turkish Government and the subsidiary in Turkey is required to buy in future at *that* price, regardless of availability of supply, and so on.

In practice, Ciba-Geigy tends to buy from its parent. If it cannot get permission, it has resorted frequently to cease making it in Turkey. In this way, the range of pharmaceutical products has been much reduced.

Mr Stücklin says the application of this decree also makes companies think hard about introducing a new product for which they have completed all the research and trials, but can become hopelessly unprofitable if caught within the above regulation.

The potential of the market in Turkey for pharmaceuticals and agri-chemicals is substantial, however, and it is for this reason that companies such as Ciba-Geigy, (which set up in Turkey in 1956), have decided to stay. The company has not paid a dividend in recent years, preferring to keep the surplus within Turkey rather than borrow at very high interest rates.

In applying for permission to expand, Ciba-Geigy is also applying for an increase in its capital structure from the present TL4m to TL300m. (Roche Pharmaceuticals and Pfizer in Turkey, both wholly owned by their Swiss and American parents, both succeeded in increasing their capital last year). Ciba-Geigy also recently moved its offices from the factory on the outskirts of Istanbul to a more central location.

In the past couple of years since arriving in Turkey, Mr Stucklin has witnessed some very difficult times in the country—"Even though our own factory tended to be relatively unaffected by strikes, our supplies were constantly being held up by strikes at their factories."

He lists the substantial improvements since then, starting with the much easier access to Government ministers (almost all foreign industrialists in Turkey speak particularly highly of the "open door" policy of Mr Turgut Ozal, the Deputy Prime Minister), through to the greater ease of operation within the factory since the military seized power and banned trade unions.

Tax lures for hotel operators

Tourism

METIN MUNIR

TOURISM, ONE of the least developed and highest potential areas of the Turkish economy, is being given top priority in the new drive to attract foreign investors.

Problems of infrastructure and communications, low return on investment, bureaucracy, political instability, terrorism and a host of other disadvantages have impeded the development of this beautiful country.

Turkey has 25,000 beds for tourists compared with 1.5m in Italy and is earning $220m a year from tourism compared to Italy's $8bn, according to Mr Ilhan Evliyaoglu, Minister of Tourism.

Of the 104 joint ventures operating in Turkey only seven are in tourism.

The Government has tried to encourage tourism by creating a number of incentives which it will expand after a Bill now before the ruling National Security Council has been passed. It has also just opened an international airport at Dalaman in the sout;h west, designed to attract tour operators to the country's Aegean and Mediterranean coasts.

The new framework decree affecting foreign capital has lifted the limitations imposed on foreign investors in capital and equity. Foreign investors are now free to invest as much as they choose and own up to 100 per cent of equity.

The incentives include the following:

State property is allocated on a long-term (40 to 99 years) low-rent basis;

An amount equal to 40 and 60 per cent of the total investment cost is deductible from taxable corporate income;

Exemption from import duties and building licence fees, taxes etc;

Twenty per cent of foreign exchange earnings are exempt from tax;

Up to 7 per cent of the foreign currency earned in a year may be retained to meet import needs;

Availability of Tourism Bank loans at 12 per cent interest and 20-year term with five-year, to six-year grace period;

Investments also benefit from customs exemption, investment reduction, and return of interest rate difference for medium-term credits.

New attitudes on joint ventures

Mining

HAZEL DUFFY

TURKEY is not in the first division of countries endowed with mineral wealth, but it does have substantial unexploited reserves of certain minerals, including bauxite, mercury, marble, perlite, wolfram, chromium, and zinc. Development under state direction has been tiny in relation to Turkey's reserves, while foreign capital has very definitely *not* been welcomed; Borax, for instance, found itself nationalised in the 1960s.

It is interesting, therefore, that the Government has chosen mining as the sector where it has so far most closely formalised its efforts to translate its change of heart about foreign investment into reality. Etibank, the state minerals agency, has circularised more than 100 companies, foreign and Turkish, with an outline plan of seven mining projects.

The largest among these is an aluminium project, which it is intended will include a smelter, and two copper mining projects. The remainder are for the recovery of marble, perlite, volcanic tuffs, and pumice. Foreign investment in the projects is planned at $382m, around one-third of the total investment.

In accordance with the normal regulations for foreign investment, a shareholding of up to 49 per cent will be permitted, the balance being split between the private sector in Turkey and Etibank.

Etibank will not insist on a majority stake in the balance of the equity. Furthermore, it is intended that the foreign participating companies be invited to be represented on the executive Boards of the companies to be formed.

Companies were asked to respond by November 15, but already Etibank's executive president, Dr. Erdemir Karakas, says that he has received inquiries from companies in the U.S., Britain, France, West Germany and Belgium. Although the letter was not sent to Eastern bloc countries, the Romanian state agency has also shown interest.

The projects themselves are not particularly large—the largest is the aluminium project valued at a total of TL93bn (£414m) — but Dr Karakas agrees that the open invitation to foreign companies represents an important test case for Turkey. Because the extent to which mineral wealth has been exploited is so small, it is clear that officials are willing to reassess the role that foreign capital can play in stepping up the development of these resources.

A considerable amount of mineral prospecting has already been done by the minerals research agency, which was set up in the 1930s.

In many cases, feasibility studies have also been completed. What has been lacking, however, has been the money with which the projects need to be launched. Reserves of copper ore, for instance, are estimated at 155m tons, yet production last year was only just over 1m tons.

Dr Karakas came back to head up Etibank in January this year—he had previously been with the agency for about 10 years, but left to do another job. His recall has been paralleled in other state bodies which are anxious to secure the talents of Turkey's technocrats in order to implement the new economic policy. Etibank's joint venture plan had already been talked about, but Dr Karakas modestly agrees that his arrival ensured that the plan was speeded up.

"My intention is to prove that if foreign capital comes to Turkey through a well-negotiated agreement, it will be good for both the foreign investor and for Turkey. It will help to reap the harvest of minerals which may well otherwise have stayed in the ground for another 15 years," he says.

Dr Karakas's comments are all the more welcome when one considers the background of fear and rejection of foreign investment which has prevailed in the mining sector in the past. They can, of course, be seen in the light of the fact that Etibank itself—which expects to be formed into a holding company —does not have access to the funds which could be required for exploitation following the strict borrowing controls that that the Government is imposing on state agencies.

Turkey does not need just foreign capital for the development of its resources. It needs foreign know-how in technology, marketing and so on, if it is to make better use of its resources.

Much scope for expansion

Farming

HAZEL DUFFY

A RICH potential exists in the size and range of Turkey's agriculture which the Government is anxious should be formalised and developed by both Turkish investors and with foreign skills and capital.

One of only a dozen or so countries that can feed itself, Turkey has also long been an exporter of certain agricultural products, such as fruits and nuts. The country's self-sufficiency in food has been one of its brightest spots in the darker days.

But it is only belatedly that the country's industrialists and officials have begun to realise the potential that still awaits development and to want to do something about it.

Agricultural exports in 1980 totalled $1,671.7m, representing 57.4 per cent of all visible exports. Major export products include crops such as tobacco and cotton, grown for export, and fruit and vegetables (the latter amounting to nearly half the export total).

Imports, on the other hand, amounted to only $49.8m, mostly raw products for processing into foodstuffs. In spite of the big improvement in the Turkish economy this year, the much-loved coffee can still only be obtained on the black market. But tea, which is grown in Turkey, remains as plentiful as ever.

As with industrial products, Turkey's agricultural producers have discovered relatively recently the huge market for foodstuffs presented by its neighbours in the oil-rich Middle East. But stories which are being related by businessmen in Istanbul serve to illustrate the need for improved organisation in the agricultural sectors.

A certain Middle East country applied to Turkey for eggs. Of course, the Turks said, we can supply them. We want a particular grade, in that case, said the Arab purchaser. Grades? queried the Turks. Eggs are eggs.

Again, when Egypt asked for tin canned produce in certain-sized cans, the Turks were nonplussed: they had not thought that anyone would want to buy canned food in any sizes but those that are common in Turkey.

Yet another story concerns the anxious buyer in the Gulf States who was waiting for the promised lorry laden with fruits and vegetables: it never arrived, not because of any mechanical fault but simply because the driver found he could sell all his load without any problem long before he got as far as the Gulf—so why bother to travel such a distance?

In spite of the use of modern farming methods in many parts of the country (Turkey was a major market for tractors before the economic collapse) there is no doubt that there is scope for greater productivity.

Irrigation, for instance, is being used on only about one quarter of the land which is suitable for it. A recent survey indicates that on the basis of annual water supply Turkey might expect in the long term to irrigate between 6m and 8m hectares but the area at present under irrigation is only about 2.5m hectares.

The application of capital to the organisation of agricultural produce is needed. Some major Turkish business groups such as Koc and Sabanci have already identified the potential in food-processing, which accounted for only $209m worth of exports last year (1979—$151m).

Packaging, marketing and distribution are all key elements in creating a successful foodstuffs sector and both Turkey's business sector and the Government believe that foreign investment partnerships are one of the best ways of harnessing this potential.

Processed meat, dairy products, poultry, eggs canned vegetables and fruits in particular are now under discussion.

Officials in Ankara estimate that about one-fifth of investment in the first seven months of 1981 has been in food processing. They point to the need for more fully integrated projects.

Just as Turkey's textile producers have been recognising that they must carry through their manufacturing to finished clothing, so the farmers need to integrate entire projects, from the development of improved seed, for instance, through to the export of processed foods.

Borrowing in high demand

THERE IS no money market or stock market in Turkey in the Western sense of the terms.

Borrowing conditions have been dominated by two political moves that followed the austerity programme of January 1980. The first was a continuing tight money policy intended to bring inflation under control. The second was the freeing of the commercial banks to determine their deposit interest rates so as to mobilise domestic savings.

The result was that money, which for years was probably the cheapest and most abundant factor in investment, became the most expensive and the most scarce.

The issuing of stocks as a vehicle for financing investments is all but dead. Inflation and the fact that new factories take up to seven years to complete, let alone start yielding dividends, has scared investors away.

Sources of finance

METIN MUNIR

Shares registered in 1980 totalled TL 5.5bn compared to TL 270bn of bonds. Issuing shares as a means of financing will have to wait until the day when the Turkish economy reaches stability.

In the local market there are two sources of financing open to both Turkish and foreign ventures: bank credits and bond issues.

After interest rates were freed in July last year the banks reached a so-called "gentlemen's agreement" so as to prevent interest escalation and control competition. In theory they all pay the same interest: 42 per cent for six-month deposits and 50 per cent for 12 months.

In practice, however, interest can be and often is negotiated between the customer and the bank and can be much higher than the official rate.

The loan interest structure is complex. There are 18 official rates applicable to various types of credit. But the actual cost to the borrower is about 60 per cent. The banks usually take "compensating deposits" of 25 per cent and arrange the term to ensure that the rate rises to about 60 per cent.

Several categories of loans are cheaper. The most important is the export loan at 26 per cent per annum.

The freeing of interest rates has made the bond market a major source of financing. Last year the bonds issued totalled TL17bn, more than four times that of 1979.

Although financing by bonds is cheaper than borrowing from a bank, a company's bond-borrowing is limited by the formula capital plus reserves minus loss.

The peculiarities of the Turkish market mean that a company cannot sell its bonds to the public directly because the interest it can offer is limited by law. It is obliged to offer its bonds to a brokerage firm, usually at 30 per cent discount, and sell them to the public through this intermediary.

With the 30 per cent discount, the broker can operate within a much larger interest margin than the company. Because of this, Kastelli, one of the leading brokers, is able to offer 45 per cent net interest on three-month deposits and 55 per cent on one year's deposit.

In the past few months the Turkish money market seems to have gone beserk. Dozens of new brokers—who are actually little more than moneylenders—have mushroomed in the larger cities and begun offering extraordinarily high interest rates to depositors.

This development has led to a leap in interest rates in the bond market which may soon force the banks to raise their borrowing rates.

Mr Sakip Sabanci, president of Sabanci Holding

RELATIVE SHARE OF THE PRIVATE SECTOR

Percentages of fixed investments in period.

	1963-67	1968-72	1973-77	1978	1980
Agriculture	30.45	38.55	56.68	32.6	43.0
Mining	26.33	20.21	7.60	4.4	4.9
Manufacturing	67.27	56.49	56.36	54.8	39.5
Energy	3.74	7.32	2.93	0.9	1.9
Transportation	22.99	30.99	40.48	44.8	29.6
Tourism	71.92	67.36	56.15	51.8	53.5
Housing	91.66	09.48	93.76	91.6	93.3
Education	1.48	2.56	3.15	3.7	3.9
Health	4.86	8.63	5.99	3.3	9.9
Services	26.81	31.05	22.41	25.2	34.7
TOTAL	46.55	47.30	49.52	47.3	39.8

Source: Turkish Industrialists and Businessmen's Association, (Tusiad).

Mr Rahmi M. Koc, president of Koc Holding

Under the control of a few family groups

TURKISH INDUSTRY, both public and private, started almost from scratch after the declaration of the Republic in 1923.

The Ottoman Empire left behind only two or three factories. One of them made fez and was shut down after Mustafa Kemal Ataturk, the founder of modern Turkey, banned the wearing of the traditional brimless headgear in favour of the European-style hat.

Turkish private industry is only a generation old and almost entirely dominated by a number of families. Most of these, like Koc, Sabanci, Profilo and Eczacibasi, are established in Istanbul, the business capital.

There are a few large holdings in Izmir (Yasar Holdings) and Adana (Guney Sanayi), and smaller ones in Anatolian cities like Eskisehir, Kayseri and Erzurum.

Most of the founders of Turkish industry are still alive and active. Mr Vehbi Koc, who built a $1bn turnover business from a small grocery shop in Ankara, is still at the helm of Turkey's largest private group, Koc Holding, at the age of 80.

Other founding fathers, like Mr Nejat Eczacibasi, Mr Durmus

Private industry

METIN MUNIR

Yasar, and Mr Jack Kamhi, are also alive and active.

Mr Haci Omer Sabanci, founder of the Sabanci group, the biggest in Turkey along with Koc, died relatively young and left his business empire to his talented sons.

Nearly all the large private groups are organised under holding companies. They are highly diversified in industry and also active in trade. According to a recent survey of Turkey's largest private groups, the holdings earn 56 per cent of their income from industry and 44 per cent from trade.

The survey also revealed that these holding companies are not active in exports, which account for only between 2 per cent and 5 per cent of their turnover. In Koc and Sabanci the figure is about 2 per cent.

Another prominent, if not unique characteristic of Turkish private groups is that they are also active in banking. Nearly all of Turkey's largest commercial banks are owned by the largest holdings. Cukurova Holdings has set a record in this field, with three banks.

Their success in trade and banking has meant that Turkish holding companies have had little incentive to seek finance by issuing shares. Total recorded shares last year were valued at TL 5.6bn compared with TL 270bn of bonds.

Nearly all equity capital in private groups is owned by families, with a small percentage in the hands of the public and trust executives.

IZMIR PROJECT

A good model for the future

AN EXAMPLE of the way in which Turkey might become a manufacturing base for international companies is provided by BL's recent decision to build low-horsepower tractors at the Izmir factory of BMC Sanayi, in which Leyland Vehicles holds a minority stake.

The decision was prompted by two factors. The first was the Turkish Government's export incentive, which enables every company to retain 50 per cent of its foreign exchange earnings. For BMC Sanayi, which makes a high proportion of its truck and tractor components in Turkey, including diesel engines, this concession is very attractive.

The second factor was that the cost structure of the Izmir plant is low enough for BMC Sanayi to begin competing with the Japanese, who are the world's main exporters of small tractors.

HAZEL DUFFY

Corporate tax may be reduced

A MAJOR tax reform was made in Turkey after the coup which increased the corporate tax burdens of foreign companies by about 7 per cent.

But a 5 to 10 per cent reduction in the corporation tax is under consideration for the following financial year.

Corporation tax was raised from 25 to 50 per cent. The effective burden on Turkish companies rose less, however because other taxes, such as the fiscal balancing tax, were abolished. For foreign companies operating in Turkey, the effective tax burden rose from 55.4 per cent to 63.8 per cent. Apart from corporation tax, foreign companies continue to pay a 20 per cent withholding tax on dividends to foreign-owned shares and 3 per cent withholding balancing tax.

In addition, foreign companies cannot claim a refund for taxes paid in excess to their country's corporate tax rates.

The Turkish authorities maintain that there is no discrimination since Turkish shareholders are subject to 66 per cent income tax.

They also point out that foreign companies are entitled to benefit from tax exemptions created to encourage Turkish contractors and exporters of manufactured products and fresh fruit and vegetables, and tour operators.

The recent amendments in the corporate tax law has also plugged loopholes and seem to have ensured an earlier and more efficient collection. By the end of last July, corporate tax revenues had risen by 225 per cent, according to the Ministry of Finance.

There is a strong school of thought in the Government which argues that the corporate tax burden should be reduced

Taxation

METIN MUNIR

so as to encourage the growth of corporations. The military do not seem to share this opinion.

However, it is believed that the economic argument may carry the day and the corporate tax burden may be reduced by up to 10 per cent in the next financial year beginning in March 1982.

Foreigners resident in Turkey are taxed individually on the income they earn in the country. The minimum income-tax rate is 40 per cent for incomes up to TL1m ($8,333), while for incomes exceeding TL25m ($20,833) the rate is 66 per cent.

COMPANY PROFILE: OTOMARSAN

Bus manufacturer roars ahead on West German technology

FOUNDED: 1967; ownership: Daimler-Benz AG—36%, Mengerler (Turkish trading and industrial company)—32%; Kadir Hasoglu (private investor)—32%; product: buses; number of employees, 1,500.

* * *

Otomarsan is proving to be one of the most successful examples of foreign investment in Turkey.

Unlike most of Turkey's manufacturing industry, Otomarsan's current problems are not with order books but with organising its limited factory space in such a way that it can fulfil all the orders it has on hand. Exports of buses to the Middle East, and particularly to Iraq, which is the main supplier of crude oil to Turkey, are the prime reason for this success story.

Mr Bedirhan Celik, technical director, explains that Otomarsan had tried to be export-minded almost from the beginning—"In 1970, we sold three buses abroad—one to Egypt, two to Iraq. But we plodded on, and last year the policy began to take off."

Exports accounted for 37 per cent of the output last year from Otomarsan's factory on the outskirts of Istanbul: this year it is 75 per cent.

Demand from the domestic market is also buoyant, in contrast to the heavily depressed automobile sector. Municipal authorities, which are always trying to catch up with the pressures on public transport created by the move to the cities, are in the market. Demand for inter-city transportation by bus is also high.

The current output from Otomarsan is 30 buses a week—five a day. There are plans to increase this to 5.5 a day, but space limitations are the main governing factor.

Otomarsan, like all of Turkish manufacturing industry, has to accommodate itself within the various regulations applied by the Government in Ankara.

It is, for instance, required to use 80 per cent local parts in its buses, although in recognition of the fact that certain parts are not available in Turkey—large radial tyres, for instance—the Government permits a 10 per cent margin around this figure. Nevertheless, permission has to be gained from Ankara, and this can frequently take up to three months.

"We just cannot afford to wait that amount of time for a part," says Mr Celik. The company has proposed to the Government that it be given blanket permission to import components (subject, of course, to these being used in buses which are predominantly for export) instead of having to apply for permission item by item.

If the Government gives its assent, as Otomarsan expects it to, it will be confirmation that the company's capacity for earning foreign currency can soften even some of the most rigid minds in Ankara.

But Mr Celik has his own views on the subject: "I think, to some extent, the degree of freedom permitted to foreign investors depends on the time that they set up in Turkey, which in turn depended on the state of the Turkish economy at the time."

He adds, however, that companies sometimes have the wrong aproach to Government—"They are all protesting about the various restrictions and asking the Government to find a solution. But the Government is looking at the problem from the other side of the table."

"What we ought to do is write down our recommendations, explain them to the Government, and see that they are followed up."

Otomarsan builds buses under licence from Daimler-Benz. Bus-building is a labour-intensive operation, and here Turkey benefits from the much lower wage rates than in West Germany to the extent that Daimler-Benz is obviously quite happy to let Turkey meet most of the Middle East requirements.

Figures supplied by Otomarsan show that it takes 900 man hours to build a bus on average — the same in Turkey as in West Germany. The labour cost in Turkey, however, is equivalent to only about one-third that in Daimler-Benz's West German plants.

Otomarsan demonstrates, therefore, that with good management and a good product, and a reasonably permissive Government attitude towards component imports and investment, a Turkish-based company can compete in the international market.

One of the vital ingredients in Otomarsan buses' rugged capabilities, says the company, is the Mercedes engine brought in from West Germany. Discussions about setting up diesel engine facilities in Turkey have been conducted by the various government administrations for several years, but the intention appears to be now that Tumosan, the State motor corporation set up in the late 1970s, should make diesel engines at a factory which has been built in the south of the country.

Mercedes city buses built by Otomarsan under licence from Daimler-Benz are now being exported to Turkey's Arab neighbours

Tumosan holds licences from Daimler-Benz, Fiat, Volvo and Mitsubishi for a range of diesel engine sizes, but Otomarsan has rejected suggestions that it should use one of these engines in its buses.

The company says it does not object to Turkish-built engines, but it must be assured that it will be allocated that which is Daimler-Benz designed. Daimler-Benz also now appears to have been asked by the Government to take a stake in the diesel engine enterprise.

Daimler-Benz is also expected to enter the truck business in Turkey. This was something that was discussed many years ago, but agreement was never reached. Despite overcapacity (there are seven truck manufacturers in Turkey, all with foreign investors), Mr Celik says that corporate studies indicate there is a market for Mercedes trucks in Turkey.

The position is still under discussion, however, and a is thought to be some way off. commitment to manufacture The options can be held open as Otomarsan has recently purchased a large site about 30 miles from its present plant, which could be used for trucks and/or buses.

PROFILE: MEHMET GUN CALIKA OF MEBAN

U.S.-trained broker plans merchant bank

AT THE age of 27 Mr Mehmet Gun Calika received an offer he could not refuse.

He was in Washington working for Merrill Lynch as an investment advisor when Mr Fuat Suren, the director of one of Turkey's largest private industrial conglomerates, asked him to go to Istanbul to start a brokerage firm.

He accepted and left the U.S. where he had lived since the age of eight. In January 1974 he started Meban, now the largest brokerage and finance company in Turkey, as a division of Suren's Transturk holding.

In the beginning it was a "two men and a telephone" operation, Mr Calika recalls. For the lack of proper offices he sometimes worked in Transturk boardrooms and corridors.

Meban can now claim to be one of the most successful and serious business ventures founded in Turkey in the past decade. Its turnover has grown from TL 25m in that initial year to TL 23bn in 1980 and is expected to be TL 35bn (nearly $300m) this year.

Mr Calika was born in 1946 in Kayseri, the Anatolian city which claims to be the birthplace of more successful businessmen than any other in Turkey. ("I don't want to boast, but I come from Kayseri," is a joke one often hears from some Turkish businessment.)

He spent most of his life in the U.S. where his father is an economist with the World Bank and his sister works for the International Monetary Fund. He graduated from the University of Pennsylvania and obtained a master's degree in business from George Washington University before entering Merrill Lynch.

"I never thought that I would spend my entire life in the U.S.," says Mr Calika in his penthouse office in the only skyscraper business block in Istanbul.

"There may be more money in America but there is more challenge and satisfaction in Turkey. Istanbul gave me the opportunity of starting from scratch and a lot of pleasure in dong new things," he says.

He says Meban introduced a number of "firsts" which altered the nature of the stock market in Turkey. Among them he includes the Meban Capital Markets Bulletin, which provided regular stock quotations in Turkey for the first time, and the Meban Stock Average Price, the first in the collection and evaluation of stock price information.

Meban also introduced several new investment vehicles to the market.

Mr Calika is now negotiating with the Ministry of Finance to transform Meban into Turkey's first merchant bank. His partner will be Crédit Commercial de France.

Mr Mehmet Gun Calika of Meban which can now claim to be one of the most successful and serious business ventures founded in Turkey in the past decade

PROFILE: MELIH YILDIZLAR

Turk heads Unilever subsidiary

AT 53, Melih Yildizlar is the first Turk to become chairman of Unilever's Turkish subsidiary. He joined the company in 1952, six months after it set up in Turkey, as a junior clerk in the accounts department fresh from the University of Istanbul, where he had studied law.

Almost immediately he had to leave for 18 months to do his military service. On his return he went ahead rapidly, becoming in turn chief accountant and commercial director.

But he is modest about his chances of becoming one of the mobile cadre of senior executives whom Unilever has successfully internationalised.

"If I were younger perhaps there would be that chance, but I hope that there will be other Turks in the company who will have that opportunity," he says.

For the present Mr Yildizlar sees a dual role for himself in the position he took up just two months ago. His first responsibility is in the company's difficult negotiations with the Ankara Government about its plans to expand its capacity for the production of margarine.

The Government wants to bind Unilever to a commitment that it will export 30 per cent of its output at a time when the company says it needs the capacity to satisfy domestic demand.

The purpose of the new capacity is to enable Unilever to regain some of the market share in foodstuffs that it lost over the years as domestic producers joined the industry. Mr Yildizlar believes that Unilever could raise its share to 48 per cent from the present 40 per cent. In the 1950s it was as high as 75 per cent.

A quietly spoken and fastidiously-dressed man, he believes he also has a responsibility to represent the needs of foreign investors in Turkey to the Government. "As a local man, and since Unilever was one of the pioneer foreign investors in Turkey, I feel I have an obligation to persuade Ankara of the need to prepare the ground for foreign investors to come here.

"I think this is one of the most important ways to open up the country. Unilever has always wanted to do something positive in Turkey, and I believe the country has the potential to attract other foreign investors," he says.

Mr Yildizlar—he is optimistic about Turkey's potential for attracting foreign investment

He lists the qualities that he thinks Turkish industry and commerce can most readily benefit from if the Government is really serious about its more favourable attitude to foreign investment. "Management experience," he says, "is most important, and he mentions the huge benefits that he has gained from his relatively short spells in Unilever's London office.

Not least of these benefits is his mastery of English to a very acceptable level. Like most Turks of his generation, his second language when he joined the company was French. It sufficed for a few years, but the need to speak fluent English became increasingly obvious.

Technology is the second most important contribution that foreign investors can give to Turkey, he believes. Again he cites the case of Unilever. "People think anyone can make margarine, but it is not true," he says. "Even the smallest article needs good technology. If it is to be produced efficiently, and that is what Turkey needs." Lastly, foreign investment will bring much-needed capital to Turkey.

As one of the first foreign companies to set up in Turkey under Law 6224—the so-called "foreign investment encouragement law"—Unilever has had considerable experience of the problems posed by officialdom.

It took the best part of a decade, for instance, to get Ankara's permission for an increase in capital, and Mr Yildizlar believes Unilever has been one of the victims of the net asset/share capital rule.

Even so, he says he has become aware of a change for the better, particularly among the senior technocrats in Ankara, and he believes that this trend will continue.

POLITICS TODAY

The U.S. gets the blame

By Malcolm Rutherford

THE MEETING between Mr Alexander Haig, the U.S. Secretary of State, and Mr Andrei Gromyko, the Soviet Foreign Minister, on Wednesday was the first of its kind since President Reagan took office. The very fact that the U.S. administration could wait nine months before establishing such contacts is an indication of a change in priorities. Seen from Europe, however, the real interest of the meeting is how far it has gone to re-establishing negotiations on arms control.

That may seem a dry, technical subject. Yet it is also the case that if the Americans do not show a commitment to the control of nuclear weapons, the future of U.S.-European relations will be in doubt and, with it, the future of western Europe.

In many ways, that is a desperately unfair statement. It is not the U.S. which has been expanding its nuclear arsenal over the past decade. It is the Soviet Union. It was not the Americans who introduced new weapons systems capable of striking at one end of Europe from the other. It was the Russians.

Irrelevance of Labour line

But, however perverse, the fact is that there is now a large number of Europeans who believe that the Americans are to blame. Last week the Liberal Party Assembly in Llandudno voted heavily against the deployment of cruise missiles in Britain in responding to a motion that, in effect, called for unilateral nuclear disarmament. Unilateralism has long been prevalent in sections of the British Labour Party and has recently gained increasing support from the trade unions.

It is possible to say that the Liberal vote does not matter because it will be over-ruled by the party leadership in alliance with the Social Democrats, and that what the Labour Party thinks is irrelevant because the party is in the process of breaking up.

That is a British view. It does not explain, however, why the anti-nuclear movement has been growing even faster in Holland, Belgium and West Germany. The interesting questions are why it should be growing at all and what is to be done about it.

Here it is necessary to go into some history. In the 1950s, when the U.S. had clear strategic superiority—that is, the ability to launch a nuclear attack on the Soviet Union without any fear of a Soviet nuclear response—the Europeans wallowed in it. They declined American invitations substantially to increase conventional forces which, if accepted, could have kept the nuclear threshold high. The Europeans could have chosen to meet a Soviet conventional attack by conventional means, but they preferred to rely on the American nuclear deterrent.

In the early 1960s, as Soviet nuclear capabilities developed, the U.S. changed its doctrine from massive retaliation to one of flexible response. Because the Russians had produced nuclear weapons capable of striking at the U.S., and because the Europeans were deficient in conventional forces, the Americans, backed by the Atlantic Alliance, introduced the concept of theatre or tactical nuclear weapons.

The theory was that if Nato's conventional forces were in danger of being overwhelmed by a Soviet conventional attack, the alliance could send a signal to Moscow by the use of short to medium range nuclear weapons in the area or theatre of battle. It would fall short of an out-right nuclear attack on the Soviet Union from the American mainland, but would indicate what might be to come. That was again the doctrine of deterrence: the Russians would not dare to attack for fear of the possible response.

By the late 1960s, Soviet nuclear power had developed far enough to lay to rest any thought of American superiority. The prevailing doctrine of the time became mutual assured destruction, known by the acronym of MAD. In other words, neither superpower would risk launching a nuclear attack on the other because of the possibility that it would be obliterated in return.

Attention thus turned to arms control and, in particular, to the strategic arms limitation talks (Salt) based on the concept of strategic nuclear parity between the U.S. and the Soviet Union. Strategic in this context means the ability of one superpower to deliver a nuclear attack on the other from its own territory. Europe approved of the Salt process.

Mr Haig (left) and Mr Gromyko: nine months before meeting.

Why the arms control approach broke down is too early to judge. One possible reason is that the technology moved faster than the diplomacy. The moment that the arms control negotiators put a ceiling on one form of weapons deployment, other systems were invented which were not covered by the agreement. Another is that the negotiators, guided by their governments, were simply too timid.

It is also tenable that it was a misguided idea in the first place that you could achieve a U.S.-Soviet entente simply by limiting strategic nuclear weapons. The competition between the superpowers continued, even increased elsewhere: for example, in Angola. The Reagan Administration came to office convinced that the U.S. had been too weak in dealing with the Russians. It was time for America to assert itself and to stand up to them on a world-wide basis.

There is also a view that the Soviet Union, while seeking strategic parity with the U.S. in the intercontinental sense, was determined all the while to establish a hold over western Europe.

Certainly that was the gist of European thinking in the late 1970s. It was Chancellor Schmidt of West Germany, not the U.S. administration, who in 1977 first drew public attention to the deployment of Soviet SS-20 missiles and the lack of any appropriate Nato counter-weight. The SS-20s are capable of hitting targets anywhere within western Europe.

It was Herr Schmidt's concern which largely contributed to the Nato decision of December 1979 to deploy a new generation of U.S. nuclear missiles in Europe and at the same time to seek talks with the Russians on the limitation of what are known in the jargon as long range theatre nuclear forces (LRTNF). That means the Soviet SS20s and, on the western side, the cruise missiles and Pershing 2s. The western systems will not be ready to be deployed until 1983 and deployment will not be completed until 1988.

In 1979 the mood in the western camp was one of harmony. The rationale for the cruise missile and Pershing 2 deployment was that the Russians had introduced a new concept of being able to make nuclear war on western Europe without too much risk of an American nuclear response. The fear was of a "decoupling" of Europe and the U.S. It was therefore necessary to install equivalent American systems in Europe in order to enhance the deterrence.

The basic idea was one of balance at as many levels as possible, though it should never be forgotten that it is the imbalance in conventional forces between East and West that makes the West tend to rely on the threat of the first use of nuclear weapons. Some of the Nato allies went along with the decision only because it was linked to the offer of new arms control negotiations.

Yet somewhere between then and now, something has gone badly wrong. The most obvious explanation is that the Salt process broke down. The two superpowers reached agreement on a second Salt treaty, but the Americans failed to ratify it, though its provisions are still more or less respected by both sides.

Mr Reagan arrived in the White House having campaigned against the way that Salt had been conducted so far, but having said little either way about negotiations on theatre nuclear weapons. The talks on the latter which may now be about to begin probably—but not certainly—present a way of getting back into the whole business of arms control.

There are informed suggestions that sometime next spring the Americans will introduce a new approach called Start: strategic arms reduction talks. It sounds somewhat similar to the original proposal of the Carter Administration for deep cuts in strategic weapons which was so summarily rejected by the Russians. But this time it is said that the Americans, having taken more than a year to work out their position, will press on.

In the meantime, they need to take account of the fact that some European countries which feared "decoupling" in the late 1970s now tend to the view that being linked to U.S. strategic policy is a danger in itself. The apprehension is that the introduction of the new systems implies that they may be used. In Holland, Belgium and even West Germany—all of which are countries where the weapons are intended to be deployed—there is a growing belief that the entire theory of nuclear deterrence should be rejected.

The European alternative

Some governments may stand or fall by it. In Holland there are some pro-Nato politicians who say that there is now no chance of the weapons being allowed on Dutch soil. Belgium as of this week has no government and it has become impossible to predict which way the Belgium decision will go.

In Germany Herr Schmidt has tied his future as Chancellor to the implementation of the Nato decisions of 1979: deployment of the new systems from 1983 if there can be no satisfactory negotiations with the Russians before.

Somehow, however unfairly, the blame for the nuclear arms race in Europe has been shifted from the Russians to the Americans. That is why Mr Reagan will have to make a serious effort at arms control in order to hold the alliance together. At the same time, the Europeans will have to realise that the alternative to nuclear deterrence is more conventional forces or potential subjection to Soviet nuclear blackmail.

Lombard

Why the AGR needs a champion

BY DAVID FISHLOCK

SOMETHING quite remarkable has happened in the British nuclear industry this summer. For the first time for a couple of decades it has found a leader; a man it is prepared to rally round in pursuit of a single goal.

As recently as the spring, the flagship of the Prime Minister's nuclear power policy, the project to build Britain's first big pressurised water reactor—it has already built nearly a score of smaller ones for the Navy—was foundering badly. The project involved too many factions which wanted their say, and no leader to take the crucial decisions.

Indecision and uncertainty over the previous two years had produced a design for Sizewell B, prototype for a series of British PWR stations, that was over-cautious and hence clumsy and costly.

The man who enunciated the problem was Dr Walter Marshall, who became chairman of the UK Atomic Energy Authority earlier this year. The Central Electricity Generating Board, customer for Sizewell B, accepted the Marshall analysis of the situation and asked the Government to set up a task force with Dr Marshall at its helm

As a result Dr Marshall has been able to tell his new Energy Secretary this month that the project is on course once again, and that he can confidently announce a date for a public inquiry to begin next year.

What is most remarkable is how the UK AEA, common enemy of an increasingly frustrated British nuclear industry for the past two decades, has suddenly become everyone's friend.

Well, not quite everyone. There is a body of dedicated engineers in Britain who still believe that the advanced gas-cooled reactor (AGR) is an inherently better reactor. They may yet turn out to be right, though statistics so far give the edge to the PWR.

But the fact remains that, until well into the 1990s if not later, Britain will be obtaining more of its electricity from the AGR than from any other type of reactor, including the PWR. The AGR is not, and cannot be, abandoned. What is less certain is whether any more will be ordered.

Still worse, it could easily become embroiled again in a public slanging match at the Sizewell B inquiry over the supposed strengths and weaknesses of different reactor designs. In The World Set Free early this century, H. G. Wells with uncanny prescience forecasts this kind of rivalry between reactors.

The big danger for the AGR is that a "win" for the PWR at Sizewell should be widely seen as a "loss" for the AGR. Sizewell B is a planning inquiry, not a competition.

What is most evidently lacking is a patron of the AGR of sufficient national standing to bring all the considerable technical talent of the industry behind it in one co-ordinated effort. Dr Marshall—"Mr PWR"—has shown that it can be done. Once the PWR is under construction, he must turn the same leadership to bear on the fast breeder reactor, to ensure long-term continuity of nuclear electricity for Britain. But he can scarcely be expected to act in the same capacity simultaneously for the AGR.

The AGR is further advanced, however. A new design, free it is to be hoped from most of the shortcomings which have long delayed the completion of the first stations ordered, is now under construction. Industry has begun to commission dedicated production lines for major AGR components. The UK AEA is pressing hard for the uprating of AGR fuel, on the basis both of its experiments and the remarkably good performance of commercial AGR fuel.

The Government can look to one of two places for "Mr AGR." One is manufacturing industry itself, where Sir Frank Tombs, former chairman of the Electricity Council and now an industrialist with companies manufacturing AGR components, is the outstanding contender. The other is the UK AEA itself, where Dr Tom Marsham, the Board member whose associations with Britain's gas-cooled reactors go back to the first days of Calder Hall, might be just the man to repeat the success of his chairman.

Letters to the Editor

Setting international exchange rate parities

From Dr Jeremy Bray MP.

Sir, — The speech by the Governor of the Bank of England, in San Francisco, on September 21 marks a major shift in thinking from targeting on money supply towards targeting on exchange rates. It goes far wider than an implied criticism of current U.S. interest rates. A careful reading of the full text of his speech shows that he is far from endorsing your judgment (September 22) that, "Financial markets, at any rate, would now vote almost unanimously for the proposition that the fiscal balance is what matters when it comes to setting interest rates, and thus exchange rates." What he said was, "The interaction of differing rates of inflation with monetary policies of differing rigour has produced a wide dispersion in interest rates between different countries. This has . . . put divergent pressures on exchange rates."

Earlier he said, "Monetary control has had some success in reducing inflation, but the process has been slow and difficult. The entrenchment of inflationary expectations has meant that monetary restraint has necessitated higher real interest rates and lower real output, rather than fulfilling the hopes held out by some of a quick and relatively painless readjustment in price inflation and nominal interest rates."

You are surely asking too much if you expect the Governor to put forward a practical framework, which must be the product of inter-Governmental negotiations, not to mention a good deal of policy design work. But he did recognise some important principles. Intervention can be effective provided the exchange rate is not believed to be materially out of line with the stance of domestic policy. Locking together exchange rates could inject too great an element of rigidity. The value and holdings of reserve currencies need special attention. Different countries have good grounds for attaching different weights to exchange rate considerations in the formulation of economic policies.

Building on these principles the outline of a more managed exchange rate system can be stated at least schematically, if not in language suited to the Governor's San Francisco audience. Each country begins the process of policy making with a given assumed trajectory of its exchange rate into the future. Given the exchange rate trajectory, each country uses its fiscal, monetary, and perhaps incomes policy instruments in the pursuit of priorities which it sets on unemployment, prices, growth and the attainment of the target exchange rate trajectory. National priorities can be schematically represented by the maximisation of an objective function. Simultaneously at the international level, exchange rate target trajectories are set so as to permit the overall maximisation of the sum of national objectives, given existing economic positions and prospects. Negotiations would result in a commitment of participating Governments to support the exchange rate parities thus set. Both national policies and internationally-agreed target exchange rate trajectories would respond continuously to new information. But target exchange rate trajectories would respond relatively slowly to allow the necessary degree of stability in the international environment.

Much of the evidence we received in the Treasury select committee inquiry into monetary policy pointed in this direction. But much practical and analytical work needs to be done to turn it into numbers which can be the basis of inter-Governmental negotiations, and most of the leading economists in the field are ready to do it. I hope the Bank of England, the International Monetary Fund, Organisation for Economic Co-operation and Development, other central banks and research funding bodies will now be prepared to initiate and support the work needed, because Governments will not do so in advance of the political will to negotiate a new system.

Dr Jeremy Bray
House of Commons, SW1.

Scots' feelings roused by bank bid

From the Warden, University of Glasgow.

Sir, — What a strange pair of questions Mr McAllister (September 22) asks.

The first is readily answered: the Royal Bank of Scotland belongs to its shareholders, whether Scots or not. Interestingly enough, I was invited to sign a petition outside a branch of the RBofS some weeks ago, and caused great consternation and apparent cessation of all mental processes in the earnest young man with the placard by asking him why the shareholders should not decide for themselves.

As regards his second question, Mr McAllister really must explain the meaning of the expression "take-over bid" in respect of an institution such as the Old Lady, which has neither issued share-capital nor private or institutional shareholders. If he can tell me how to get my hands on the equity of such a company, which can snap its fingers and call up unlimited interest-free deposits from the clearers, I shall be at once grateful, set up for life, and humbly apologetic, in that order.

(Dr) A. Scotney.
Dalrymple Hall,
22-26, Belhaven Terrace,
Glasgow.

Supplementary rates and the business world

From Mr D. Wells

Sir,—How grossly unjust that in our so-called democratic society, we have a rating system which is so completely undemocratic.

As a private citizen I pay rates to my local council, as does every other private citizen, and as such am given a vote in that local council's elections. This is as it should be.

My company, however, is based within the Greater London Council area and, whereas London's private citizens had a vote which, whether they exercised it or not, had the eventual effect of bringing to the leadership of that council, Mr Kenneth Livingstone, my company and all the others had no such vote.

Our companies are now being levied with supplementary rates demands — I have one on my desk for an extra £86 per half year on one property —in order that Mr Livingstone may enable public transport fares to be cut to a totally uneconomic rate.

The people who will benefit from this are obviously those who live in London and use its transport system. Other beneficiaries will be the countless thousands of people from all over England, Great Britain and the rest of the world, who come to London and use its transport.

My company will not benefit at all from the decrease in the cost of fares, and I am deeply aggrieved that we will have to meet this supplementary rates demand which has been determined by a council in whose election we had no vote.

Cannot the Government institute a system whereby all parties who pay rates are given the opportunity to place at the head of the most important local council in the country, someone who may not wish to be remembered as a modern day Robin Hood at the inevitable expense of London's business economy.

D. A. P. Wells,
136, St. Albans Avenue,
Chiswick, W4.

Mr Benn may complete the hat trick

From Mr H Curling

Sir,—Clearly Malcolm Rutherford (Politics Today, September 11) is no door-knocking party hack, and all the better to read for that reason, but let one of those who spends a great deal of time being just that assure him that his final sentence is too dogmatic. It is not implausible for Mr Benn to do the hat trick and the sooner those supporting the batting side are aware of the danger the better.

Hugh Curling,
Parry Court,
Faversham, Kent.

Accounting standards and leasing

From Mr E. Ton.

Sir, — The accounting standards committee has always met once a month — except for August when it does not meet at all — and not fortnightly as Barry Riley states (September 18).

Although a high attendance rate at ASC meetings may be desirable, members do vote by postal ballot on whether or not to publish an exposure draft, and they can easily make their views known in writing or over the telephone.

With regard to leasing, a major cause for concern lies in the possible economic effects of the proposed draft. There is a feeling, not restricted to leasing companies, that capitalisation might hinder industrial re-equipment plans. This would be undesirable in a time of recession. Furthermore, changes in accounting treatment could lead to unwanted changes in the method of taxation.

Ertur Ton,
31, Fens Way, Hextable, Kent.

Newarthill advances by £4.46m

ON TURNOVER well ahead at £124m, compared with £95.7m, profits of Newarthill, the holding company with interests in construction, property and investment and aircraft chartering, advanced sharply for the half year to April 30, 1981, the pre-tax figure coming through £4.46m higher at £9.93m.

Current cost accounting, however, reduces the surplus before tax to £7.3m. On the same basis the attributable balance emerged at £10.56m after an extraordinary credit of £6.55m—equal to stated earnings per share of 23.4p. There are no comparisons as this is the first time the group has prepared CCA accounts.

The extraordinary item is principally the profit on the realisation of the group's interest in an associated company.

The directors do not expect the same level of profit in the second six months, but, nevertheless, they are confident that the profit for the full year, before extraordinary items, will "very substantially" exceed last year's figure.

The historical pre-tax surplus for the half year was struck after interest of £1.9m and was subject to tax of £3.3m. Historical earnings per share are given as 39.3p (13.9p).

A single dividend of 7p net per £1 share was paid for 1980.

One of the group's principal subsidiaries is Sir Robert McAlpine and Sons, the civil engineer and builder.

● comment

In his annual statement in April, the chairman of Newarthill said there was no chance of the volume of business for the building industry recovery this year. Yesterday's interim results showed, however, that this forecast did not apply to Newarthill itself. Turnover is up 30 per cent while pre-tax profits on the historic cost basis are 81.5 per cent ahead. As usual, no explanation is offered for the results. It is known that the company has won much new business lately, notably the near £200m contract for the Torness nuclear power station in Scotland and £27.5m in London developments. The board's statement seems to point to profits of around £14m in the full year compared with £11.5m last time. The shares rose 10p yesterday to 390p where the prospective fully taxed p/e is about 10 and the yield only 2¼ per cent.

ALVA INV. TRUST

Taxable revenue of Alva Investment Trust fell slightly from £139,243 to £127,351 in the half-year to August 31, 1981. It will repeat an interim dividend of 4.9p net per 25p share—last year's total was 10.5p.

The stated net asset value per share is 257.4p (212.7p).

Dunlop falls £3m into losses at six months

STRUCK AFTER finance charges of £22m against £25m, Dunlop Holdings, tyres, engineering, industrial and consumer products group, suffered a pre-tax loss of £3m for the first half of 1981, compared with profits of £15m previously.

Sales were just behind at £694m against £702m, mainly because of the exclusion of sales of Angus Fire Armour, sold at the end of 1980.

The directors say that, as yet, there are no reliable signs of a recovery in demand, but productivity and cost improvements, which were implemented in the six months, coupled with sustained pressure on the cost base, will be of future benefit.

After six months' tax of £12m (£17m) loss per share is given as 15.4p, compared with a 2p loss.

The interim dividend is 2p (2.65p) net per 50p share and reflects past dividend practice of paying similar amounts at interim and final stage — last year's total was 4p, paid from pre-tax profits of £10m.

After depreciation of £17m (£18m) operating profit for the first half was £14m lower at £19m, but £2m higher than the second half of 1980, directors state.

In the UK, tyre operations there were significant further improvements in productivity and costs. Sales value again fell because of lower volume and selling prices, although market shares increased. The loss was higher than in the 1980 first half, but lower than in the second six months.

The engineering group increased profit over both the first and second half of 1980. However, the recession continued to affect the remaining UK operations. *The consumer businesses* incurred losses while the sports and industrial groups reported lower profits, directors say.

The U.S. company's results improved significantly from the depressed level of 1980 and the companies in Africa, with the *exception of Nigeria, reported* better results, as did New Zealand.

The manufacturing company in Malaysia maintained its profits, but those of the estates company were lower, as were those in Germany and India.

The first stage of the dissolution of the Dunlop-Pirelli union took effect on July 1 with the restitution of the minority interests in most of the European companies.

Agreement to the second and final stage has also been completed, as a result of which the transfer of the remaining minority interests will be implemented on October 15. Dunlop will then receive over £20m, in line with the expectation outlined in the circular of May 7.

In view of the changed relationship neither Dunlop's share of the results of Pirelli's companies, nor Pirelli's minority interests in Dunlop were included in the interim results.

If they had been, on the same basis as previous years, directors say the attributable deficit would have been increased by £7m—after tax, and minority interests of £6m (nil), first half attributable loss was £31m (£2m).

On a current cost basis this figure is increased to £33m (£18m), and the loss per share is given as 23.8p, against 14.1p.

Losses were incurred by associate Dunlop SA in France and there were significantly reduced profits from Sumitomo Rubber Industries of Japan—there were no associate profits or investment income figures for the six months, against £7m last time.

The directors say that continued control of fixed and working capital has helped to contain borrowings within planned levels.

See Lex

HIGHLIGHTS

The FT 30-share Index bounced back yesterday during after hours trading, having recorded a 17.4 point fall earlier in the day. Lex looks at the financial markets before moving on to consider the corporate news of the day. Dunlop again reports substantial attributable losses, *however last year's reduced* dividend of 4p looks likely to be maintained. George Wimpey has lost market share in private housing and pre-tax profits have fallen by a third to £5.4m. Rowntree Mackintosh has seen a recovery in its pre-tax level from £4.3m to £8.7m but at the expense of its market share. Finally the column briefly looks at the flotation by retailer Habitat by way of an offer for tender at 110p a share—the timing of which is beginning to look as if it could not be worse. On the bids front Letraset's management has agreed to a higher bid from Esselte, while Societe Generale De Belgique has launched a dawn raid on "Tanks".

Alpine Holdings reaches £0.5m

PRE-TAX profits at Alpine Holdings moved ahead from £271,000 to £502,000 for the 27 weeks ending August 9, 1981. This was achieved on sales down from £17.52m to £15.03m. The interim dividend is maintained at 2.275p.

Mr J. G. Gulliver, chairman, says that he remains confident that the group has the financial and managerial resources to benefit from any improvement in trading conditions. The group manufactures, sells and instals double glazing and aluminium windows, showers and fitted bedroom furniture. Group pre-tax profits for the last full year were £1.27m on sales of £34m. The total dividend was 5.25p.

The pre-tax profit included an increased contribution of £67,000 (£36,000) from associated companies. Administration costs were reduced to £170,000 (£214,000) but tax leapt to £261,000 (£57,000). Attributable profits came out sharply up at £253,000 (loss £86,000) after nil extraordinary debits (£296,000) and minorities.

Alpine (Double Glazing) improved considerably, showing a nominal pre-tax profit of £4,000 (loss £272,000) which reflects major cost reductions. However, trading conditions remain difficult.

Although Alpine (Double Glazing) has a satisfactory order book for the second half, says Mr Gulliver, sales will depend on the important autumn period.

Alpine Dreamline produced a *disappointing pre-tax loss of* £83,000 (profit £58,000) but the improved contribution from the associated company, Leavitt Electropaint, reflected strong trading. The company has maintained the healthy cash position with which it started the year.

Dolphin Showers increased pre-tax profits from £663,000 to £689,000.

● comment

Unchanged yesterday at 51p, shares in Alpine stood out against the ebb and flow of yesterday's trading: perhaps they are undervalued but, whatever the case, there is a significant level of recovery to go for. Two years ago, Alpine was returning 47.3 per cent of funds employed but last year it produced just 11.3 per cent. Double glazing and replacement windows were almost entirely to blame but their contribution has turned round by £276,000 at the interim stage for a notional pre-tax profit. Cost reduction, following a factory closure, has allowed for a substantial rise in gross margins, a more competitive selling position and, hence, much greater productivity per salesman. Some 60 per cent of the second-half double-glazing budget has been sold but the autumn season remains crucial. The bedroom furniture operation, which has never really shown an adequate profit, is now in loss but it is hoped that a thorough examination of where it sells and how will give rise to a more positive contribution. The dividend looks secure enough and the proximity of an historic 15.4 per cent yield with what is available on deposit should now offer useful support.

Alex Howden interim rise to £15m

PROFITS, before tax, of Alexander Howden Group, insurance broker and underwriting agency, increased by £3.84m to £14.97m for the first half of 1981, and the interim dividend is lifted from 3.5p to 4p net.

The directors say that figures for the period do not include underwriting results for the UK and Bermuda insurance companies. It is expected that an increased transfer from the F and L account to the insurance funds will be made in respect of the UK companies at the year end.

Pre-tax surplus for 1980 amounted to £30m and the total dividend paid was 7p.

For the six months, trading surplus was £16.85m (£12.76m), after taking into account differences on exchange of £1.8m. Interest charged was £1.88m against £1.63m, and the tax figure was £6.74m (£4.86m).

Minority interests were £124,000, compared with £123,000 leaving a profit of £8.1m (£6.15m), out of which dividends will take £3.65m (£3.18m).

Earnings per share are given as 8.9p compared with 6.78p.

Mr Kenneth Grob, chairman, said yesterday that its takeover by Alexander and Alexander has "enormous synergy."

Earlier this week Alexander and Alexander, the U.S. insurance broker which is the world's second-largest insurance intermediary, announced a bid which was then worth £150m in a share and debenture offer.

Mr Grob said that Alexander and Alexander was "a big retail house, the biggest in the U.S." and added that "we are essentially a reinsurance group. The only thing Alexander and Alexander have not got is a growing, highly profitable reinsurance organisation."

He said that Howden could develop the reinsurance activities of Alexander and Alexander, and that Howden was bringing considerable underwriting profits to the marriage.

Mr Ian Posgate, a Howden director and a leading underwriter who has been seeking divestment of managing agency companies, the groups which look after Lloyd's syndicates, from broking companies, said that he was much in favour of the bid as an underwriter. "We get most of our business not from the UK brokers but from the U.S. brokers," he said yesterday.

He added: "If we are going to have the major broking companies owned by the Americans, Lloyd's itself must have an element of freedom from those broking groups."

He said that he would continue to support the Parliamentary efforts for divestment. But Mr Ronald Comery, another Howden director, said that steps will be taken to petition against the divestment clause which is to be inserted in the Lloyd's Bill of Parliament for improving self regulation.

Mr John Bogardus, chairman of Alexander and Alexander, said that it would be "inappropriate to comment on the matter" and that his company had not formed a view on the issue.

J. Henry Schroder Wagg, who is advising Howden, on September 23 sold 700,000 shares at 141p on behalf of discretionary investment clients.

● comment

A stated half way advance in pre-tax profits at Alexander Howden of 34.5 per cent looks extremely impressive when compared with latest figures from Willis Faber and Sedgwick. But Howden has made an important accounting adjustment, without any restatement of the previous year's figures, which has enhanced the disclosed result. The underlying increase may be around 20 per cent. On the trading front, the group has reduced losses in Australia for this period. Net retained brokerage is up by 18.5 per cent and expenses have been contained on a tight basis after the wild fluctuations over the past few years. The principal increase in profitability is in the UK, hence the higher UK tax charge. The Lloyd's agency interests have made a good contribution after the closure of the best ready account that Lloyd's has seen. Overall performance has been supported by increased investment income from the insurance company operations. Howden, like Willis and Sedgwick, says that its business volumes are increasing, which will be good news for its potential new parent. Alexander and Alexander, which is seeking an extensive reinsurance business. The shares at 140p yield 6 per cent and stand on an historic p/e of 13.

Haden expects further progress

THE INTERIM figures of Haden, which show a rise from £1.69m to £2.25m, should not be taken as a precise guide to results for the whole year, but the steady improvement in 1981, over 1980, anticipated in last year's annual report is expected to be achieved, says Mr P. G. Simonds, the chairman.

Turnover of this building services and metal finishing engineer rose from £107.26m to £112.1m in the six months to June 30 1981.

The interim dividend is effectively raised from 1.8p to 2p—last year's total was an adjusted 6.25p. Dividends absorb £309,356 (£278,370).

In building, industrial and process engineering activities, the UK continues to perform well, although the recession has inevitably led to a general shortage of work and more competitive conditions in the industry.

Mr Simonds says the total sales value of the mechanical services contracts for the two nuclear power stations in Heysham and Torness, is estimated at £80m over the four-year life of the projects.

In the Middle East, major new work on acceptable conditions remains scarce, but current contracts continue to generate satisfactory results, he says.

The severe problems at the French air conditioning operation continue, and these will result in the French company incurring a substantial loss.

In the industrial finishing sphere orders have been particularly buoyant in the U.S. (including two £10m orders, one for General Motors and one for Honda).

Group tax in the first half was up from £874,000 to £1.09m. Minority interests were credits of £13,000 (£15,000), leaving attributable profits higher at £1.47m (£1.02m).

Pre-tax profits on a CCA basis were £2.3m (£1.3m).

● comment

There is no point in arguing with the market in this mood but the investment demand which led to such a massive re-rating of scaff-rich Haden earlier this year must surely start again when the turn comes. The shares had been pushed up from 78p to 240p this year and, after the 21p drop during yesterday's bloodbath, now stand at 185p. The group is still looking for a steady improvement this year and, even on the basis of the last 12 months' reported profits, the fully taxed minimum p/e of 8.3 looks quite modest. Should the final dividend rise in line with the declared interim there is some support, too, from the prospective yield of 7.6 per cent. The mechanical handling division is still faced with problems but its turnover last year was a mere 7 per cent of the total and the far more important building services and industrial services are still moving forward strongly. French air-conditioning losses are not quantified, other than that they are substantial, but the group is quietly confident of removing this stumbling block in the next 12 months. The main point for the market is that Haden is winning important UK orders, enjoys a significant slice of the automatic metal coating markets for the vehicle sector worldwide and believes there is significant scope for extending this into more general industrial applications.

S. Casket expands by 27%

A STEADY recovery resulted in a 27 per cent increase in profits for S. Casket (Holdings) from £326,074 to £414,466 for the year to June 30 1981. Sales of this clothing distributor and retailer fell from £15.94m to £15.75m.

Second-half pre-tax profits improved to £252,000 (£201,000).

The final dividend is maintained at 1.25p, for a same-again total of 1.75p.

There has been a marked improvement in the group's liquid position with stocks down and bank overdrafts eliminated, says Mr S. Mackenzie Smith, the chairman.

Tax moved up to £217,662 (£114,336) and there were no minority interests after a debit last time of £2,415.

Attributable profits were higher at £834,095 (£442,325). Goodwill written off increased to £35,790 (£10,000). There was a current cost pre-tax surplus of £68,545 (loss £240,662).

First half setback at Hall Engineering

TURNOVER DROPPED from £56.49m to £44.08m and pre-tax profits fell to £3.05m, against £3.6m at Hall Engineering (Holdings) for the first half of 1981.

The directors explain that the improvements overseas were not enough to compensate for the effects of the recession in the UK where most group companies had to contend with a continuation of conditions "which were even worse than expected."

They state that any increase in profits during the second half is likely to result more from cost savings than from any easing of conditions, but it is now unlikely that full-year results will equal those of 1980. Pre-tax profits for that year were £7.07m.

After six months' tax of £1.59m (£1.57m), earnings per 50p share are shown as 10.79p (13.83p) basic and 10.17p (12.14p) fully diluted, and the interim dividend is maintained at 3.41p net—last year's final payment was 4.2p.

During the half year £802,209 of 7¼ per cent convertible unsecured loan stock 1992-97 was converted into 590,426 ordinary shares.

● comment

Hall's interim profits are down by 15 per cent which the group not surprisingly blames on the UK contribution. Overseas activities have again produced useful growth but the recent benefits of heavy investment in the hitherto booming South African economy will probably flatten out in the remainder of the year and thus the outlook now is for a significant shortfall on last year's pre-tax profit total of £7.1m. The real franking of the consideration for the minimill is receivable next month which, in itself, will cover the historic dividend cost. The yield is 5.7 per cent at 155p, down 3p yesterday, and while the track record has been very good, the support more from the 1979 level of fully diluted earnings of 26.9p per share than the peak established during the subsequent advance.

Leyland Paint out of the red

THE BENEFIT of steps taken by Leyland Paint and Wallpaper in the second half of last year to reduce costs, together with subsequent further economies, has resulted in pre-tax profits of £152,000 in the six months to June 30 1981. In the corresponding period last year the group incurred losses of £119,000.

Mr P. W. A. Simmonds, the chairman, says traditionally second-half profits are higher than in the first half, and although it is too early to assess the likely effect of the recent increase in interest rates, present indications are that this profit pattern will be maintained.

He says rationalisation of distribution and manufacturing activities is well advanced, and substantial benefits are expected, although these will not arise until next year.

An interim dividend of 0.75p net is recommended—it was passed last time, but there was a final of 1p—and the directors say it should not be assumed that this implies the restoration of the final dividend to previous levels. This will be decided in the light of the full year's results.

Commenting on the first-half figures, he says deteriorating trading conditions, particularly in the second quarter, resulted in lower volume sales. While this affected both retail and trade sales, the effect was particularly marked in exports.

Group turnover was £19.05m compared with £19.5m, and the overseas share fell from £3.74m to 2.83m.

Group trading profit improved from £358,000 to £487,000. After interest charges of £335,000 (£477,000), tax of £79,000 (nil) and extraordinary credits of £168,000 (£9,000), attributable profits came out at £241,000 (£110,000 losses). Stated earnings per 25p share are 0.5p (nil). The extraordinary credits result from profits on disposal of property.

There was a pre-tax loss of £216,000 (£545,000) on a CCA basis.

● comment

The market was expecting a little better from Leyland but the company is yet to get from under the burden of overcapacity in the paint and wallcovering manufacturing sectors and the serious price cutting of the diy retail trade. Last year Leyland shed about a tenth of its workforce, more in the particularly depressed wallcovering operation, and further cutbacks are being implemented this year. Yet trading margins in the first half were only 2¼ per cent overall and income gearing was nearly 70 per cent. The weakening pound since the half year helps return some business to the export division and new wallpaper collections have evidently gone down very well *in the U.S. and Europe. But still* the outlook for this year remains unexciting though a return to the interim payment list hints that perhaps 1½p might be in the offing for the full year. After yesterday's 5p fall to 31p the yield is around 8.2 per cent.

PROPERTY SECURITY

Acceptances have been received in respect of 96.84 per cent of the 7.1m ordinary shares of Property Security Investment Trust offered in a one-for-four rights issue at 85p per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aberdeen Constr. ...int.	2.4	Nov 28	2.3	—	6.42
Alpine Hldgs. ....int.	2.28	Jan 4	2.28	—	5.25
Alva Invst. ....int.	4.9	Oct 30	4.9	—	10.5
A. & C. Black ....int.	0.5	Oct 23	0.5	—	2
Brooks Watson ......int.	0.35	Nov 20	0.35	—	1
Camellia Invst. ......int.	3	Oct 23	—	—	5
S. Casket	1.25	Nov 9	1.25	1.75	1.75
Clarke, Nickolls & Coombs...int.	1.75	Nov 23	1.75	—	4
Dowding & Mills	0.95	Nov 3	0.95	1.65	1.65
Dunlop ....int.	2	Jan 4	2.65	—	4
Finlay Packaging ...int.	0.5	Nov 12	0.4	—	1.5
General & Com. Inv. int.	4	Oct 26	4	—	9.35
General Investors ...int.	2.5	Nov 2	2.2	—	6
Glossop ....int.	1.58	Nov 2	1.58	—	4.62
Haden ....int.	2	Nov 24	1.8*	—	6.25*
Hall Engrg. ....int.	3.41	Nov 6	3.41	—	7.61
Hoskins & Horton ...int.	2	Nov 6	Nil	—	2
Alex. Howden ......int.	4	Nov 16	3.5	—	7
Leyland Paints ......int.	0.75	Nov 30	Nil	—	1
Wm. Morrison ......int.	0.4	Nov 10	0.35*	—	1.25*
New Equipment ......int.	0.35	Oct 30	0.35	—	1.05
Owen Owen ....int.	1p	Dec 3	1p	—	4.25p
Park Place Invst.	2.35	Nov 11	1.93*	3.6	3*
Bivioli Cinemas	52	—	46	52	46
Rowan & Boden ......int.	0.5	Nov 20	1	—	2.21
Rowntree ....int.	2.7	Jan 4	2.5	—	7.25
G. W. Sparrow ....int.	0.5	Dec 9	0.88	—	2
Spear & Jackson ......int.	3.58	Jan 5	3.58	—	6.58
Supra ....int.	0.75	Nov 24	0.75	—	2
Throgmorton SGT	1.96	Nov 19	1.96	2.58	2.58
Wilkinson Warbrtn. int.	1.94	Nov 6	1.94	—	6.29
George Wills ....int.	2	Oct 16	1.5	—	4.5
George Wimpey ....int.	0.85	Jan 7	0.85	—	2.55

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues.

Drifintits

SPAIN

Sept 24	Price %	+ or —
Banco Bilbao	377	—4
Banco Central	372	—6
Banco Exterior	315	—5
Banco Hispano	323	—4
Banco Ind. Cat.	119	
Banco Santander	385	—1
Banco Urquijo	241	—2
Banco Vizcaya	398	—3
Banco Zaragoza	281	—4
Dragados	196	—5
Espanola Zinc	78	
Fecsa	65.1	—2.1
Gal. Preciados	54	
Hidrola	78	—1
Iberduero	58	—0.2
Petroleos	115	—3
Petroliber	82	
Sogefisa	51	
Telefonica	86	—1
Union Elect.	75.5	

THE TRING HALL USM INDEX

107.1 (−6.1)

at close of business 24/9/81

BASE DATE 15/11/80 100

Tel: 01-248 5675.

CORAL INDEX

Close 487-492 (−3)

OIL INDEX

December Refined prices
January Refined prices

Rowntree rises £4.4m in first half

AN IMPROVEMENT in UK trading margins, resulting from a combination of price rises at the beginning of the year and vigorous efforts to reduce costs, has boosted profits of Rowntree Mackintosh for the 24 weeks to June 20 1981.

The pre-tax figure for the period rose by £4.4m to £8.7m on turnover ahead at £280.6m, compared with £264.3m. Trading profits were 22 per cent higher at £13.3m (£10.9m).

The interim dividend is same-again 2.7p net per 50p share absorbing £3.7m—last year a total of 7.25p was paid from taxable profits of £31.4m.

Mr Kenneth Dixon, the chairman, says apart from the improvement in the UK profitability elsewhere was little changed, except for exports where the exceptionally fine performance in 1980 could not be repeated in the current year's more difficult trading circumstances.

Although he expressed cautious optimism in his last annual statement about 1981, the chairman says the first half results reverse the trends of the past two years and, taken together with a strong cash position, are obviously encouraging. He says a favourable trend should continue during the rest of the year, but with very high marketing expenditures, the full year's results will show a more modest improvement in profits.

The pre-tax surplus for the half year was struck after interest charges of £4.6m (£6.6m), the reduction partly reflecting the rights issue proceeds in May. Lower borrowings from tight control of working capital was also a factor.

Tax took £2.5m (£900,000) and after minorities last time of £300,000 the attributable balance came through at £6.2m (£3.1m) before extraordinary items.

Stated earnings per share were well up at 5.2p (2.7p).

As in previous years the adjustment of overseas net assets into sterling will be dealt with as an extraordinary item in the annual accounts. Based on exchange rates ruling at June 20 1981 the adjustment would result in a credit of £4.3m.

No share of profits of associates was included in the half year figures—an appropriate proportion of the full year results will also appear in the annual accounts.

Mr Dixon says sales volume in the UK in the first half was slightly down on 1980 following the January price increases. With no further price rises planned and with second half marketing expenditure at levels well above 1980, the progressive recovery in sales should continue.

In Europe sales in major markets are showing encouraging gains over last year. Elsewhere where overseas group companies achieved notable gains in sales.

The York-based group manufactures confectionery and grocery products.

See Lex

Wm. Morrison profits jump 67% to £3.4m

BOOSTED BY a £483,000 interest turnround to £118,000 receivable, taxable profits of Wm Morrison Supermarkets jumped by 67.3 per cent from £2.02m to £3.37m for the 26 weeks ended August 1 1981. Turnover expanded 18.6 per cent to £93.47m, against a previous £78.82m.

Mr K. D. Morrison, chairman, says the second half has started well, but with opening costs at Harrogate to be absorbed and finance costs of new developments to be met, the growth of pre-tax profits "will be significantly lower in the next six months."

He adds that directors are confident, however, that the full year's results will be acceptable—pre-tax surplus for 1980-81 was £5.97m.

After much higher six months' tax of £1.41m, compared with £240,000, net profit was £1.97m (£1.78m) giving earnings per share of 4.28p (3.85p).

The interim dividend is effectively raised to 0.4p (0.35p) net—last year's final distribution was an adjusted 0.9p.

Mr Morrison says that the Harrogate store will open on October 6, and building work has started at Staveley, near Chesterfield, with a projected opening date of May 1982. There have been delays in the Sheffield development which has deferred its opening to the middle of next year.

It is hoped to announce details of further store developments shortly, he adds.

Above the line depreciation charge was £922,000 (£816,000) and rent receivable amounted to £183,000 (£161,000).

On a current cost basis the pre-tax figure is reduced slightly to £3.3m (£1.88m), and earnings per share are 4.1p (3.51p).

● comment

Wm. Morrison looks set for another year of impressive profits growth. The company reckons it checked out about 7 per cent more goods from its existing stores and the new selling space further boosted sales by about 11 per cent. Margins were pretty similar to last year although there was a slight reduction in labour costs. At the pre-tax profits level the company has benefited from being a net lender rather than borrower for most of the period and this happy position is likely to continue in the second half. The second half will bear pre-opening costs of £25,000 for the giant Harrogate store, which will add about 7 per cent to the company's existing selling space. Two new stores are planned at Staveley and Sheffield which should boost profits in the second half of 1982. There will be a substantial rise in this year's tax bill reflecting the change in legislation on stock appreciation. For the full year profits should reach £7.5m and the shares at 136p are on a p/e, fully-taxed, of about 17 and the yield is a parsimonious 1.4 per cent.

Habitat comes to market by tender offer

Habitat, the home furnishings company, is coming to the stock market by way of an offer for sales by tender of up to 10.9m shares at a minimum price of 110p per share.

The shares in the offer, 9.3m of which are new, represent 25.2 per cent of the enlarged share capital of the company.

Habitat has also reported results for the year to June, 1981, showing pre-tax profits of £4.4m (£3.9m) on sales of £67.17m (£58.2m). Earnings per share advanced to 8.58p from 8.3p and the dividend was increased from 2p to 2.57p net per 10p share.

The directors state that total retail sales in the first 12 weeks of the current year are 20 per cent ahead but since the important Christmas period is yet to come, they are not making a profit forecast.

They do undertake to recommend dividends of 3.6p per share on the enlarged capital this year, of which at least 1.2p would be an interim dividend. Mr T. O. Conran would not necessarily continue to waive his entitlement to dividends on his 23.168m shares.

Habitat was founded by Mr Conran, an industrial designer, in 1964. It has grown rapidly and now consists of 54 stores, of which 33 are in the UK, 15 in France and Belgium and six in the U.S. It also has mail order and international design consultancy businesses.

A majority of its 3,500 to 4,500 items is of Habitat's own design and the group seeks to combine good style and functional appeal. Furniture makes up about 40 per cent of retail sales with the remainder consisting of linens, floor coverings, soft furnishings, lighting, china and glass, kitchen utensils and books and stationery.

Turnover has grown from £26.8m in the year to June, 1977 to £67.165m last year. Trading profits have risen from £1.85m to £5.25m over the same period and pre-tax profits from £1.56m to £4.4m.

In the retail business last year, the UK operations produced £37.17m of turnover and £4.09m of trading profit; France and Belgium accounted for £22.1m of turnover and £1.19m of profits while the U.S. subsidiary, launched in 1977, had turnover of £6.6m and trading losses of £493,000.

Trading losses in the U.S. have risen from £71,000 in 1977 to £200,000 in 1978, £250,000 in 1979, £543,000 in 1980 and £493,000 last year. Turnover has grown from £1.6m in 1978 to £6.6m last year and the directors believe that the U.S. operation will start to make a positive and growing contribution to group profits.

Design consultancy profits for the group have grown from £93,000 in 1977 to £467,000 last year.

The balance sheet at June 28 1981 shows net tangible assets of £10.58m. Current assets, of which cash and short-term deposits accounted for £1.79m, were £22.46m and current liabilities, including bank overdrafts of £5.5m, totalled £18.58m. The group had £2.4m in long-term loans and £11.3m in property and equipment excluding a £1.6m surplus from a June 1981 property revaluation.

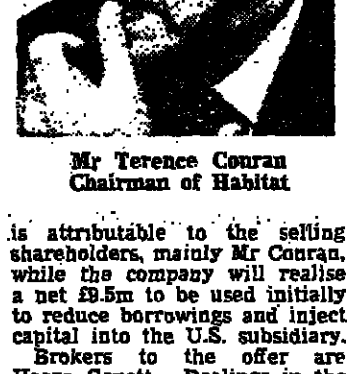
Total trading capital employed has grown from £6.9m in 1977 to £22.1m last year.

The offer for sale by tender is being made by Morgan Grenfell and Bank Mees and Hope of the Netherlands. Tenders must be received by 10 am on October 1, and any amount over the minimum must be in increments of 5p. Depending on the striking price, the number of shares on offer will be reduced to the £12m gross being sought.

Of the £12m proceeds, £1.7m is attributable to the selling shareholders, mainly Mr Conran, while the company will realise a net £9.5m to be used initially to reduce borrowings and inject capital into the U.S. subsidiary.

Brokers to the offer are Hoare Govett. Dealings in the shares on the Stock Exchange are expected to begin on October 7.

See Lex



Mr Terence Conran
Chairman of Habitat

Wilkinson Warburton advances

TAXABLE PROFITS of Wilkinson Warburton, the Yorkshire-based distributor of textiles and carpets, advanced from £173,541 to £331,913 for the first half of 1981 on sales marginally lower at £10.45m, compared with £10.91m.

The directors describe the results as extremely satisfactory under all the circumstances. All parts of the group traded profitably during the period.

However, they say the rate of improvement in first-half profits is unlikely to be repeated in the second six months. Retail sales "are being seriously affected by the recession and the company's customers are reluctant to commit themselves to forward orders."

As anticipated last March, the directors still believe that profits for the full year should "at least equal" those of last year (£719,560 before tax) but the recent rise in interest rates "will make this much more difficult to achieve."

The interim dividend is the same at 1.94p net per 25p share—last year a total of 6.29p was paid.

The pre-tax surplus was after interest charges of £211,339 (£217,844) and depreciation of £96,791 (£129,299).

Tax was lower at £98,000 (£105,700) leaving the net balance at £233,913, against £69,841.

Stated earnings per share were sharply higher at 9.09p (2.78p).

ELECTRONIC MACHINE

Tax and minority credits for the Electronic Machine Company in the year to April 30 1981 were incorrectly stated yesterday. They should have read as £2,049 (£9,391) and £673 (£2,573 debit).

Spear and Jackson well down

PRE-TAX PROFITS of Spear and Jackson International, manufacturer of steel, saws and hand tools, fell from £834,000 to £330,000 for the half year to July 4 1981 on sales £3.14m lower at £15.86m.

However, the directors say the results represent an encouraging recovery from those of the second six months of 1980—for that period the group incurred a pre-tax loss of £496,000, against a profit of £1.01m.

The balance sheet remains strong and the directors are maintaining the net interim dividend at 3.575p per 25p share—for 1980 a total of 6.575p was paid.

The pre-tax surplus was struck after interest charges of £302,000 (£396,000) and was subject to tax of £104,000 (£277,000). There was a credit from minorities of £45,000 (£31,000 debit).

Stated earnings per share for the half year were down from 9.7p to 5.1p. Comparisons have been restated.

The directors say that in the UK there are some tentative indications that the decline in the volume of steel, saws and at an end, and they are confident that any increase in the group's own orders would show through strongly in activity and margins.

They add that the group remains excellently placed to take advantage of any upturn, in business although the timing "is both crucial and difficult to predict."

The UK hand tools and UK industrial cutting tools subsidiaries benefited in the first half from cost saving measures and the Canadian and U.S. companies performed better than in the corresponding period last year.

The French industrial cutting tools offshoot, however, experienced a downturn in activity and costly redundancies in the first half will result in second-half cost savings.

● comment

The signals from Spear and Jackson are clear; the company is past the worst. The shares rose 2p yesterday to 104p which, given the market, was quite a feat in itself. Last year S and J cleared out its UK operations with some big redundancies dropping the second half into a £m loss and in the first half of this year the French operation has been tackled. An eighth of the French workforce has been sacked at a cost of £170,000 above the line. But now S and J is working normally in all plants and making money. North American operations are in the black—a turnround of perhaps £m and France is profitable. The overall demand profile is far from good but the company is ticking over and some recovery in the dividend payout can be looked for. Assuming the company goes for a total payout of say 7.6p net the yield is 10.8 per cent. The balance sheet meantime remains solid enough with capital gearing at 22 per cent against 31 per cent six months before though income gearing at the halfway stage was 48 per cent.

G.W. Sparrow plunges midyear

DURING THE six months to June 30 1981, trading conditions for G. W. Sparrow and Sons were far worse than the directors anticipated at the beginning of the year and for the period the group's pre-tax profits declined sharply from £437,000 to £145,000.

The directors say it is difficult to forecast the outcome for the full year since it depends so much on trading over the last four months, especially at depot level. The recent increase in interest rates, if maintained, costs, they warn.

However, since the end of June there has been an improving trend in profits and the rationalisation now taking place in the crane hire industry "should help will add markedly to group to improve the group's profitability."

The net interim dividend, meanwhile, is being reduced to 0.5p (0.85p) per 20p share but the directors say that consideration will be given to making up the reduction when the results for the year and prospects for 1982 are known. For 1980 a total of 2p was paid from taxable profits of £896,000.

The half year pre-tax surplus was struck after depreciation of £1.07m (£1.04m), interest charges of £1.08m (£1.18m) and included £255,000 (£70,000) from disposal of fixed assets and share of profits of associates £12,000 (£35,000 loss).

Tax took £21,000 (£33,000) after which stated earnings per share emerged at 1.28p (4.32p).

● comment

The outlook for Sparrow is bleak with the plant hire market deeply depressed and higher interest rates. The shares slumped by 20 per cent to 58p after the 66 per cent slide in profits and dividend cut. The company remained in the black through its sale of fixed assets which included the disposal of nearly 7 per cent of its cranes. Income gearing rose from 45 per cent to 53 per cent. The one bright spot is its 49 per cent owned Saudi associate which had a sufficiently good first half to push the associates' contribution into the black. Traditionally the second half is better than the first but demand for plant hire shows no signs of picking up and what work is available is on extremely fine margins due to overcapacity in the industry. Sparrow will do well to earn £500,000 for the full year and most shareholders will be grateful that the company, unlike most of its competitors, has stayed in the black.

Clarke, Nickolls declines midway

Taxable profits of Clarke, Nickolls and Coombs, involved in property investment and development, declined to £239,691 for the half-year to June 30, as against £302,570. The interim dividend is nonetheless held at 1.75p net per 25p share, with stated earnings per share up to 4.44p from 3.76p.

For 1980 a total of 4p was paid from pre-tax profits of £844,158.

Gross rents and payments for services were lower at £396,339 (£405,101). Property sales by its dealing subsidiaries, which brought in £378,972 in the 1980 period, were nil this time.

After tax of £12,500 (£148,000) and minorities last year of £16,755 the profits attributable to members were £227,191 (£137,815 before £7,469 exchange losses).

Owen Owen loss soars over £1.6m

LAUNCH COSTS of two new department stores helped quadruple pre-tax losses for Owen Owen in the half-year to August 1, 1981, taking the deficit to £1.61m, against £387,000.

Sales including VAT were slightly higher at £55.5m (£51.12m). With the high volume months yet to come in the Christmas half, the board expects to be back in profit again for the full year.

The interim dividend is maintained at 1p net per 25p share.

After credits for tax of £491,000 (£237,000) and for minority interest repeated at £61,000, attributable losses emerged at £1.06m (£89,000).

Mr John A. H. Norman, the chairman, says the new stores—opened in August 1980 at Redditch in the UK and in Canada—incurred trading losses of more than £650,000.

Other factors affecting the group's results were £90,000 interest payments on borrowings to finance the purchase last April of the Hudson's Bay Company minority interest in G. W. Robinson, and exchange rate variations which added £100,000 to losses by the Canadian stores.

Mr Norman says the second half has started slowly, with the Canadian stores particularly affected by a prolonged strike in the main Hamilton steel industry.

However, the results should be less influenced by, and in some respects benefit from, the factors which have adversely affected the first six months, he adds.

Two large stores were opened—one in Canada and the other in Basingstoke—and in the UK two smaller stores were disposed of during the period.

Park Place slows in second half

ALTHOUGH ONLY advancing by £19,000 to £438,000 in the second half, Park Place Investments' pre-tax profits for the full year June 30 1981 rose from £681,000 to £762,000.

Turnover of this financial training and publishing company rose from £3.87m to £4.93m.

The directors say the group's liquidity is strong and a recent revaluation of the premises at Bramley Road, London W—which will be noted in this year's accounts—will lend further tangible support to a sound balance sheet position.

Trading so far during the current year indicates that progress should be maintained.

The pre-tax figure was struck after interest charges up from £186,000 to £235,000. There was a tax charge of £106,000 (£227,000), and stated earnings per 10p share are 9.7p (6.7p adjusted). The final dividend is effectively raised from 1.928p to 2.35p for a total of 3.6p (3p adjusted).

Rowan & Boden falls sharply at six months

Taxable profit of Rowan and Boden slid from £371,000 to £104,000 for the first half of 1981 and the net interim dividend is being halved to 0.5p. This followed the dive to near breakeven in the second half of last year.

Sales, though not substantially different at £6.57m, against £6.84m, were obtained by severely competitive tendering at greatly reduced margins say the directors of this furnishing, plastics and floor and deck covering contracting group.

Trading conditions continue to be difficult but the board is hopeful of some modest improvement in the second half.

Midyear stated earnings dropped to 2.35p (4.41p) after tax sharply down from £193,000 to £9,000. Attributable surplus came out at £95,000 (£178,000).

For the whole of 1980 2.21p was distributed from taxable profits of £387,707, against £667,363.

Full time working has been restored at Northampton Machinery Company mainly as a result of overseas orders, and should bring about some improvement in the second half, the directors say.

Finlay Packaging expansion

MAINLY BECAUSE of greater utilisation of machinery installed in 1979-80, taxable profits of Finlay Packaging, colour printer, expanded from £207,000 to £393,000 for the six months ended June 30 1981, on sales up £479,000 to £3.51m.

The directors hope to improve on last year's figures—profits were £429,000 pre-tax and turnover £6.39m for the whole of 1980.

They explain that business lost during the 1980 strike was not retrieved until early this year, after which the printing industry was "seriously hit" by the general recession.

The interim dividend is increased to 0.5p (0.4p) net per 5p share, and will absorb £43,000 (£34,000)—last year's final payment was 1.1p.

The attributable halftime balance emerged at £198,000, compared with £107,000, after tax of £195,000 (£100,000), giving earnings per 5p share of 2.31p against 1.25p.

George Wimpey dives £3m to £6m at midterm

PROFITS OF George Wimpey, the construction engineer, fell sharply in the first half of 1981, the pre-tax figure emerging at £6.4m, compared with £9.4m, despite an increase in turnover from £510m to £547m.

Sir Reginald Smith, the chairman, says some measure of the effects of the recession in the UK can be gauged by comparing the 3,500 private house sales legally completed by the group in the first six months of this year with the 4,900 for the corresponding period of 1980.

He warned at the annual meeting in June that sales of private houses were less buoyant than in the early months of the year.

For the six months under review the chairman says that with the recession not being confined to the UK overseas contracting remains keenly competitive. However, he adds that the group is continuing to receive a satisfactory flow of inquiries for large contracts and the current order book is comparable with the level at this time last year.

The net interim dividend is being maintained at 0.85p per 25p share—for 1980 a total of 2.55p was paid.

Tax for the half year was lower at £1.3m (£2.4m) after which the attributable balance came through £2.2m down at £5.1m.

The group has substantial interests in Canada and the U.S. in land development, housing and contracting. Sir Reginald points out that the high interest rates in North America have put considerable pressure on these markets in 1981 and increased the overall interest costs of the group—they rose in the half year by £1.3m to £9.9m.

He says this is disappointing because average group borrowings during the period were lower than a year ago.

Sir Reginald concludes that the restructuring of the group during the last three years has helped it to face the downturn in the economy and led to a cost-effective, strong and resilient organisation which is ready to take advantage of business opportunities which which will arise in due course.

See Lex

Aberdeen Construction ahead at interim stage

PRE-TAX PROFITS of the Aberdeen Construction Group increased from £1.12m to £1.39m for the first half of 1981, from turnover of £40.02m, against £36.96m. And the interim dividend is lifted from 2.3p to 2.4p net per 25p share.

The volume of work in hand is not being maintained, the directors state, but there have recently been signs of a greater volume of work being put out to tender. They feel that, with an improvement in the work load situation, the performance for the whole year will be similar to that of 1980—pre-tax profits for that year were £3.59m.

Pre-tax surplus for the six months of this building constructor, civil engineer, was struck after interest, lower at £34,471 (£122,831), and subject to a tax charge of £720,000 compared with £560,000. Earnings per share are shown as 6.07p (5.11p).

Marathon International Petroleum (GB) has exercised its option to occupy all 85,000 sq ft of the office building under construction at Hill of Rubislaw, which is on target for occupation next spring.

The directors add that the design of the BNOC office at Hill of Rubislaw is progressing as planned, and they anticipate, subject to planning and other approvals, work on site will start next spring. A £10m loan facility has been arranged with the Royal Bank of Scotland and National Commercial and Glyns, to partly finance the project.

The relocation of William Tawse to Westhill will start this autumn with final completion next summer.

LASMO PAYMENT

The payment by London and Scottish Marine Oil Company on the oil production stock in respect of its share of output from the Ninian Field for the six months to June 30, 1981 will be made on October 30 at the rate of 82.7536p per unit net (equivalent to 118.2195p gross) to holders on the register on October 9, 1981.

George Wills grows

FOR THE whole of 1981 George Wills and Sons (Holdings), importer and exporter, expects taxable profit to exceed the £1.02m achieved last year. This forecast, based on present trends, is given by the board when reporting first half profit ahead from £553,000 to £630,000.

Sales for the six months to June 30 reached £38.1m (£35.2m).

Stated earnings per 25p share rose to 5.97p (4.27p) and the net interim dividend is being stepped up to 2p (1.5p). Last time a 4.5p total was paid.

Tax took £270,000 (£296,000).

Dowding & Mills at £0.68m

CONTRARY TO midyear expectations, Dowding and Mills showed a marginal increase in taxable profit in the second half of the year to June 30 1981, compared with the first six months. Even so the second half figure of £678,668, against £825,987 for the comparable period of the previous year, was insufficient to recoup ground lost.

Total profit for the year of this electrical and mechanical engineering concern emerged down from £1.83m to £1.33m on sales little changed at £16.23m (£16.3m).

At halftime profit had slipped from £997,013 to £652,332.

Stated earnings per 10p share for the year dipped from 3.58p to 2.29p, but the net total dividend is being held at 1.65p by a same-again final of 0.95p. Tax took £639,000 (£742,000).

Supra Group improvement

First-half taxable profits at Supra Group emerged just ahead, from £261,451 to £271,748 up to May 31 1981. A substantial improvement in the results for the coming year is anticipated by the directors.

The net interim dividend is the same at 0.75p—last year a total of 2p was paid.

Stated earnings per ordinary 10p share were lower at 1.57p (1.7p).

Sales were down at £4.52m (£5.01m) and there was a higher tax charge of £65,980 (£40,457). There was an extraordinary credit of £31,790 (nil) on disposal of a freehold property.

Harrison Cowley downturn

THE COMBINED effect of the recession and the loss of the Renault account last year meant lower pre-tax profits for Harrison Cowley (Holdings), a private company of advertisers. For the half year to June 30 1980 the taxable surplus was down from £613,000 to £270,000.

In the last full year the company made pre-tax profits of £934,000.

"It would be unwise of me to make any firm forecast," says Mr D. Harrison, chairman. In April of this year he pointed out that 1981 would be a difficult year: the outcome is better than expected.

Several new accounts have been acquired this year and the cash position is extremely healthy he says.

The net interim dividend is held at 1.4p and stated earnings per 5p share were 2.28p (5.38p).

Sales for the period were £9.06m compared with £11.54m previously, and £20.98m for the last full year. Tax took £156,000 (£344,000).

An application will be made for a full listing of the company's shares on the Stock Exchange later this year.

BIDS AND DEALS

Letraset agrees new Esselte terms

BY REG VAUGHAN

ESSELTE, the Swedish-based multinational office supplies and printing group, yesterday increased its terms for Letraset, the UK graphics company which owns the ailing Stanley Gibbons stamp business, and has won the recomendation of the Letraset board for a bid valuing the company at £62m.

Following this move Mills and Allen International, the poster advertising and money broking group which opened the bidding for Letraset after an anonymous dawn raid on July 8, announced that it was not pursuing its £44.5m offer and this will lapse today. It has sold its shareholding to Esselte.

As a result of purchases of Letraset shares from Mills and Allen and from Merchandise and Investment Trust (a subsidiary of Hambros, Mills' advisers) totalling 14.95 per cent and further purchases in the market, at the close of business yesterday Esselte had acquired 29.99 per cent of Letraset.

Esselte, which has a listing in Stockholm and London and a market capitalisation of around £100m, launched a raid on the Letraset shares on August 8 acquiring some 10 per cent of the shares at a price of 140p per share (including the dividend).

The company then announced a full bid which came only hours after Letraset reported sharply reduced profits of £6m for 1980-81, compared with £12m.

The new terms from Esselte yesterday were: one share plus 725p in cash for every 16 Letraset shares or 145p in cash for each Letraset share. Shareholders would also receive a net dividend of 6.05p. Letraset shares gained 4p to 138p on the London Stock Market yesterday.

Together with the recommendation of the terms, the Letraset board is forecasting pre-tax profits for the current year of around £11.5m. This would represent a substantial recovery towards level achieved in 1979-80.

For Mills and Allen, whose offer had been extended three times, it was always an important factor that the group should not stretch its resources and that existing businesses should not be prejudiced.

Mr Neils Andersen, a director of Letraset, said that Esselte was a large international company with a business complementary to, but not competing with, Letraset's.

He said that Letraset would become a very substantial independent division of a growing international business. It already had plans to get more involved in the office equipment market.

Explaining the factors behind the profit forecast Mr Andersen sai dthere had been significant additional growth in the group in the U.S., Mexico and Japan, together with a partial recovery in the UK. He said that the group also benefitted substantially from the weakening of sterling.

Regarding Stanley Gibbons, Mr Andersen said that Esselte had indicated that it may want to divest itself of the business at some stage, but the group was "not under time pressure."

Fast-expanding Esselte has expended its turnover from SKr 1.27bn to SKr 4.72bn over the eight years to March 31 1981. In the same period, profit before tax increased from SKr 42m to SKr 281m. The group employs 15,000 people in 25 countries of which some 8,000 are employed outside Sweden.

The takeover will be financed entirely outside Sweden. Esselte said earlier that it would raise a multicurrency loan, but it would seek long-term finance for part of the transaction.

It also undertook to offer sterling promissory notes to Letraset's shareholders.

Brooks Watson at I£453,000

Pre-tax profits of Dublin-based Brooks Watson Group advanced from I£224,000 to I£453,000 in the six months to June 30, 1981. Turnover of this builders' merchant, distributor of farm machinery and pharmaceuticals, and food wholesaler, rose from I£60m to I£69.17m.

The directors say the improvement, in the main, is due to a reduction in interest charges, reflecting the continued tight control of working capital throughout the group.

They say satisfactory progress was maintained in the food and drug divisions. The Mahon and McPhillips' group of companies returned to profitability, although losses in farm machinery have not yet been eliminated. A small deficit was also recorded in the builders' providers division, due to trading losses in Brooks Thomas Dublin. As announced on September 9, negotiations are in progress for the sale of this division.

There was a tax charge of I£204,000 (I£101,000), and stated earnings per 20p share are up from 0.82p to 1.49p. The interim dividend is held at 0.35p—last year's total was 1p.

MINING NEWS

Belgian offer for Tanks

BY GEORGE MILLING-STANLEY

TAKEOVER SPECULATION has surrounded the shares of the UK-registered Tanks Consolidated Investments for years, but in the past few days the market seemed even more convinced than usual that something was imminent.

The share price has jumped 37p over the last three days to 372p, so yesterday's offer of 450p a share from the Belgian industrial holding group Societe Generale de Belgique came as no real surprise.

The offer was eagerly received with the result that stockbrokers Cazenove and merchant bankers Lazard Brothers, acting for SG, were able to announce within an hour of the market opening that they had secured 21 per cent of Tanks' issued capital, taking the Belgian group's stake to 51.5 per cent.

The offer to buy in the market was withdrawn, and SG will be making a formal offer at the same price to the remaining Tanks shareholders in due course.

SG said last night that no bid talks had been held before yesterday's developments, but they view the deal as a logical industrial consolidation, giving them better control over Union Miniere.

Tanks holds 17.6 per cent of this company, the former Belgian Congo copper producer which now has interests ranging from copper in Canada through gold and diamonds in Brazil to tin in Spain. SG has a stake of 18.5 per cent in Union Miniere.

The increase in SG's direct holding in UM will reinforce its position in the non-ferrous metals sector in Belgium, worth around BFr 120bn (£1.8bn) a year.

Apart from the holding in UM, Tanks has 10.2 per cent of Ashton Mining, which itself holds 38.2 per cent of the Ashton diamond joint venture in Western Australia.

In addition, the company holds 90 per cent of the troubled Benguela Railway in Angola, 72.5 per cent of Elbar Industrial in the UK, 100 per cent of Tanks Investments Zimbabwe and a similar amount of Tanks Oil and Gas, which has interests in several blocks in both the UK and Netherlands sectors of the North Sea.

Tanks' portfolio of listed investments is also of interest, and includes small stakes in such illustrious names as De Beers, RTZ, Amax, Exxon, Asarco, Standard Oil of Indiana and Inco. The company's other interests include property and forestry.

In 1980, Tanks made net attributable profits of £12.56m, against £3.94m the year before, but this included a credit of £12.03m representing the realised surplus on the sale of Tanaust, the subsidiary through which Tanks held a direct stake in the Ashton joint venture.

Apart from the cash, Tanks also gained its holding in Ashton Mining through the deal.

Earnings for the year came out at 73.57p a share, compared with 21.62p, and the total dividend was lifted to 14p from 12p with a final of 10p.

The results would have looked poor indeed without the Tanaust sale. Dividends and interest were lower, partly because of a fall in the contribution from Union Miniere and partly because of adverse currency movements, while the important Elbar Industrial returned a net loss of £1.59m against a profit in the previous year of £1.56m.

As before, Tanks received neither dividend nor debenture interest from the Benguela Railway.

Results for the first half of this year are expected soon, but the company is unlikely to have been much more successful in combatting the effects of the recession than it was in 1980.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Astbury and Madeley, Leadenhall Sterling, Liberty, Southampton Isle of Wight and South of England Royal Mail Steam Packet.

Finals: Adwest, A. and J. Mucklow, Wankie Colliery, Zambia Copper Investments.

FUTURE DATES

Interims—

British Home Stores	Oct 21
Freemans (London S.W.8)	Oct 5
Harris Queensway	Oct 7
I.D.C.	Sept 28
Marshall's Universal	Oct 14

Final—

Staffordshire Potteries	Sept 30

Babcock Intl. to sell Acco Inds.

Babcock International, the UK engineering group, has reached preliminary agreement to sell part of one of its U.S. subsidiaries, Acco Industries, to a group of investors led by Mr Joseph H. Maloney.

He was, until recently, Acco's chief executive officer and a director of Babcock International Inc.

The sale of Acco's industrial products group involves a current net asset value of approximately $18m (£10m) for a purchase price yet to be negotiated.

Babcock intends to agree a 90 per cent cash payment and will use the proceeds to reduce its borrowings in the U.S. The remaining 10 per cent will comprise a subordinated note in favour of Acco repayable within 10 years.

Lex Service Group lowers bid for Schweber after audit

BY DUNCAN CAMPBELL-SMITH

LEX SERVICE GROUP, the UK car distributor which earlier this week sold off one of its two remaining hotels in the U.S., has reduced its bid for Schweber Electronics Corporation, the American electronic components distributor lined up as the next item on Lex's long-running programme of diversification.

A $48.75m (£27m) purchase price had been agreed in May subject to the results of an audit. This has been completed and shareholders have been invited to approve at an EGM on October 14 a renegotiated price of $46.55m (£25.9m). A revised payment schedule provides for a $38m cash payment on completion with the balance paid over the next two and a half years.

The adjusted bid reflected no single factor, according to Lex management, but followed the announcement of $0.67m post-tax losses for Schweber over the first half of 1980-81, after heavier than expected interest costs. Management is expecting similar figures for the second half.

In a shareholders' circular concerning the proposed acquisition, Lex attributes Schweber's weakness to recessionary pressures and the U.S. company's decision to maintain its sales volume and branch expansion in readiness for future growth.

Mr Trevor Chinn, Lex's chairman and managing director, points to the "long term strategic goals" which have led Lex towards the components distribution industry in the U.S. and looks forward to Schweber, the fourth largest company in its field, making "a significant contribution" to future profits.

The deal, funded half out of retained capital and half out of long-term dollar borrowings, presents Lex shareholders with a pro forma balance sheet showing £163.4m of net assets, including £23.9m goodwill, and incorporating Schweber's net worth at June 30 of $16.9m—translated into sterling at $1.95 to the £.

Advance by Gen. Inv. & Trustees

The release of lots on a Perth estate in Western Australia aided General Investors and Trustees in improving pre-tax revenue to £1.15m in the half-year to July 31, 1981, compared with £877,000.

Its interim dividend rises from 2.2p to 2.5p net per 25p share, and the directors expect the final payout at least to be maintained at 3.8p. Earnings per 25p share for the period are 4.6p (3.5p).

The Perth opening took trading profits on land to £214,000 (£96,000). Even with lower second-half sales, profits for the full year are expected to be ahead.

Franked income was £540,000 (£592,000) and unfranked £613,000 (£436,000). Tax took £439,000 (£330,000), with resulting footings of £47.53m (£38.53m).

Hoskins and Horton in black again

A return to profit has been achieved by Hoskins and Horton, involved in building supplies and contracting, with reduced borrowing levels and in spite of continuing low demand in the sector.

For the half year to June 30 1981, pre-tax profits were £334,000 against £247,000 losses last time and a deficit of £188,000 for 1980 as a whole. Turnover edged up to £4.95m (£4.82m).

The interim dividend, omitted in the previous period, will be 2p net per 20p share, equalling the 1980 final. Earnings per share are stated as 10.1p (13.9p losses).

Interest charges were down to £76,000 (£129,000) and with a £33,000 tax credit (nil) attributable profits were £267,000 (£370,000 losses).

The board believes that the economies already made will also bring a profitable second half.

Guinness Peat in U.S. moves

Guinness Peat Financial Services has been formed to expand group interests in the U.S.

Guinness Peat Properties has been formed to develop group U.S. property interests. Lawson Lewis and Peat Cotton has been formed to deal in raw cotton to the U.S. domestic cotton textile industry and internationally.

Pergamon boosts stake in Solicitors' Law to 23%

PERGAMON PRESS, the private company of Mr Robert Maxwell, has extended its stake in Solicitors' Law Stationery Society, adding 100,000 shares to its existing holding which has now grown so far this year from just under 2 per cent of the total equity to 23 per cent (2,551,220 shares). The shares closed yesterday at 28p.

Mr Robert Maxwell has consistently described the holding "as an investment" and said last week that the Thomson Organisation was "quite happy" when informed about the purchase which recently lifted Pergamon's share in Solicitors' Law to 22.13 per cent. Thomson controls 50.2 per cent of the company.

Mr Maxwell is also chief executive of BPC Ltd (formerly British Printing Corporation), which earlier this year approached Solicitors' Law about a possible acquisition of its financial printing subsidiary, Oyez Press. BPC's £2m bid was abandoned in July.

Mr Maxwell replaced Lord Kearton as BPC's chairman at the beginning of this month having come to the company in April in a reorganisation of its ailing finances which left Pergamon with a 77 per cent stake in BPC. He last week purchased 20,000 7½ per cent non-cumulative preference shares in BPC at 41p and 15,000 6½ per cent non-cumulative redeemable preference shares at 35½p.

Low & Bonar buys agencies in Australia

Low and Bonar, Dundee, has acquired

bought nine travel agencies in Australia for A$900,000 (£573,000) as part of its aim to create an international Bonar travel business.

Under the terms of the agreement with Summerland Travel Centre Pty., Low and Bonar has bought agencies in Adelaide, Brisbane, Canberra, Melbourne, Perth and Sydney, and has bought 15 per cent of the franchise travel operation of United Francise. Low and Bonar operates internationally in packaging, engineering and textiles.

IMI COMPLETION

IMI has completed the acquisition of Control Components International, of Irvine, Southern California, from Babcock and Wilcox, a subsidiary of McDermott Inc.

IMI says it will continue to expand CCI's design, manufacture and sale of high technology, severe-service process control valves for the energy and hydrocarbon processing industries. CCI turnover is more than $30m and it employs about 300 people.

Crowther Holdings

Pre-tax profits rose at John Edward Crowther (Holdings) from £284,436 to £406,787 for the year ending March 31, 1981.

Tax amounted to £131,112 (£140,358) and there was also a special credit for tax on stock relief of £379,500 (nil). Dividends absorbed £54,250 (£49,250).

The company is involved in wool manufacturing and spinning and its ultimate holding company is LAD Investment Company.

Dixor recovering

A reduction from £297,000 to £87,000 in net losses is reported by cosmetics maker Dixor-Strand for the half-year to March 31, 1981, in spite of a sharp fall in turnover from £331,000 to £255,000.

A reorganisation programme is nearing completion and Mr N. H. Davis, the chairman, expects a return to profits in the second half.

Losses per 5p share were reduced to 0.905p (17.92p).

Glossop moves higher at midyear

Pre-tax profits at Glossop, public works contractor, were higher, from £280,000 to £405,000, for the half year to July 31 1981. Sales were lower, from £10.06m to £8.75m. The net interim dividend is repeated at 1.576p—last year a total of 4.622p was paid. Tax was higher at £190,000 (£79,000).

In the first half of the year a leaner and more efficient group has been able to combat the effects of the recession, say the directors. Profitability has improved and the full year should show some improvement.

A & C Black rises

A better performance was recorded by A. and C. Black, publisher, in the half-year to June 30, with pre-tax profits of £65,000 compared with £6,000 in the 1980 period, the year in which it ended £69,000 in the red.

Turnover at six months was marginally higher at £1.34m (£1.28m). No tax was levied again.

The interim dividend is a same-again 0.5p net per 25p share, as the board foresees only marginal profits on traditionally quieter second-half sales. The 1980 total payout was 2p.

RIPON CHEMICALS TEKCHEM

Ripon Chemicals of Ripon has acquired a major part of the business of Tekchem, taking over the sales and marketing in Europe of its chemical products except for those directly concerned with oilfield or oil-processing applications. Tekchem's ultimate holding company is Baker International Corporation.

U.S. VIDEO VENTURE BY THORN EMI

Thorn EMI has formed a U.S. subsidiary, Thorn EMI Video Programming Enterprises, to sell entertainment programmes to the home video, cable television and commercial television markets in the U.S. and Canada.

The company said that both the video disc and tape formats would be used. Thorn Video also intends to originate innovative programming in conjunction with independent producers. Reuter

GEORGE DEW

Following the successful offer 7.6m ordinary shares to raise £7.75m, George Dew has completed the acquisition of G. Dew and Co from its Dutch parent, Royal Volker Stevin. The new shares have been allotted and certificates will be dispatched shortly.

BTR has 47.8% of Serck

BTR, the UK industrial group, which launched a £25.5m bid for Serck, the valve and heat transfer equipment manufacturer, earlier this week built up its stake in Serck to 47.8 per cent.

Cazenove and Co, stockbrokers to BTR, purchased a total 225,000 ordinary shares at 60p in Serck on Wednesday and by noon yesterday had purchased a further 100,000 shares at 60p. The total holding of BTR is 20.3m shares (47.8 per cent).

BTR is intending to purchase shares in the market until it gains just over 50 per cent of Serck, which has described BTR's takeover as "unwelcome."

BARDSEY PURCHASE

Bardsey has agreed with Leon Davis to buy that company and its subsidiaries, including Suregrip, for £75,000 cash.

Leon Davis, a distributor of adhesive tapes, complements Bardsey's adhesive tape companies, Self Seal Tape Company and Tape Projects. It is intended to combine the enlarged tape division in new factory

DRG CALENDARS AND DIARIES

Following an approach by key members of the management team of DRG Calendars and Diaries, agreement has been reached for the acquisition from DRG of this business—a small unit employing some 140 people in Bristol by a new company to be called Calendars and Diaries of Bristol which has been formed by te management team.

The sale has been agreed by DRG as it sees its future growth in other market areas.

WEEKS SITE SOLD

As part of restructuring, Weeks Associates has sold the land and buildings at Fakenham, Norfolk, belonging to its subsidiary Hunton International, for £140,000, about £20,000 in excess of net book value.

Some of the Fakenham manufacturing operations have been transferred to the Peterborough factory of another subsidiary, ME Mechanical Handling.

SIGN AND METAL

Sign and Metal Industries have brought from Messrs W. Ratford and C. T. E. Hayward, the liquidators of Movitex, all the shares in the former Movitex subsidiaries in Sydney and Melbourne, Australia, and Heiligenhaus, West Germany.

Sign and Metal Industries' subsidiary, Wondersigns, bought Movitex Signs from its receiver last October.

SHARE STAKES

Standard Fireworks—Harvey Michael Investments holds 254,914 ordinary shares (10.2 per cent of issued capital following a scrip issue).

Bisichi Tin Company—The acquisition of 30,000 shares by Jantar has been notified. According to the company's records Mr E. Nassar/Jantar and Associates now hold 774,500 shares (11.86 per cent).

Durapipe International—Cazenove and Co has purchased 1,100,000 shares at 40p on behalf of Glynwed.

Westbrick Holdings—On September 17 L. Messel and Co, brokers to C. H. Beazer and Co, bought 50,000 shares at 83½p. The following day they bought 10,000 at 93p and 50,000 at 84p. All these were on behalf of Beazer.

Globe Investment Trust—The Coal Board Pension Funds acquired a further 1,300,000 shares and now hold 32,249,043 (19.77 per cent).

WOODSIDE GAS WELL

The North Rankin No. 6 appraisal well drilled on the North-West Shelf off the coast of Western Australia has flowed natural gas on tests at a variety of controlled rates up to 56m cubic feet a day, according to Woodside Petroleum.

The well is being suspended as a gas producer. Woodside has a 50 per cent interest in the well.

LONDON TRADED OPTIONS

Sept. 24. Total Contracts 2733. Calls 1715. Puts 1018.

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	280p
BP (c)	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BP (c)	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BP (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BP (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BP (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
CU (c)	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	147p
CU (c)	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gld (c)	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	485p
Cons. Gld (c)	460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gld (c)	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gld (c)	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Court'lds (c)	60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	58p
Court'lds (c)	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	694p
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Gr'd Met (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	164p
Gr'd Met (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Gr'd Met (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Gr'd Met (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Gr'd Met (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	298p
ICI (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Sec. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	282p
Land Sec. (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Mks & Sp (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	113p
Mks & Sp (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Mks & Sp (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	326p
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
		November		February		May		
Barclays (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	380p
Barclays (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Imperial (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	82p
Imperial (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Lasmo (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	427p
Lasmo (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	70p
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Lonrho (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
P & O (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	107p
P & O (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	391p
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Racal (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	461p
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ (c)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ (p)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

BANK RETURN

BANKING DEPARTMENT

	Wednesday Sept. 23 1981	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	
Public Deposits	[illegible]	[illegible]
Bankers Deposits	[illegible]	[illegible]
Reserve & other Accounts	[illegible]	[illegible]
	2,324,051,256	+ 57,162,183
Assets		
Government Securities	[illegible]	[illegible]
Advances & other Accounts	[illegible]	[illegible]
Premises Equipment & other Secs	[illegible]	[illegible]
Notes	[illegible]	[illegible]
Coin	[illegible]	[illegible]
	2,324,051,256	+ 57,162,183

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	[illegible]	[illegible]
In Circulation	[illegible]	[illegible]
In Banking Department	[illegible]	[illegible]
Assets		
Government Debt	11,015,100	
Other Government Securities	[illegible]	[illegible]
Other Securities	[illegible]	[illegible]
	10,635,000,000	— 50,000,000

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GOLD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
	Oct.		Jan.		April		
AKZO C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AKZO P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HEIN C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HEIN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
HOOG C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HOOG P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
NEDL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NEDL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
NATN P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RD C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
RD P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
UNIL C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNIL P	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
	Nov.						
BASF C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VW C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS [illegible]

A=Asked B=Bid C=Call P=Put

Hard times at the slaughterhouses

By Richard Mooney

Splitting a beef carcass (left): and Mr George Cattell, managing director of FMC.

THE ANNOUNCEMENT early this month of highly disappointing results from FMC, which claims to be Europe's biggest meat company, and the closure of Unigate's Scot Meat processing plant in Bletchley were symptomatic of the dire situation the UK meat industry finds itself in. Unless conditions improve dramatically and quickly—which seems extremely unlikely—they could herald a whole rash of cutbacks and closures in the sector in the new year.

The basic problem is overcapacity within the slaughtering industry coupled with sluggish consumer demand because of the recession. With slaughterers hungry for stock to keep throughput up margins have been squeezed between climbing livestock costs and high street price resistance.

The results of this were graphically illustrated by this month's announcements.

In the 53 weeks ended May 2 FMC, a subsidiary of the NFU (National Farmers' Union) Development Trust, registered a pre-tax loss of £999,000 compared with a profit of £2.54m in 1979-80. This dismal performance, which is only partly explained by the £400,000 the company spent on shedding 1,000 staff during the year, appears even worse when it is considered that at the half-way point it was showing a profit before tax of £206,000.

Mr George Cattell, the managing director, explains that things began to go badly wrong last October as the recession bit more deeply into real consumer spending power and the preceding cyclical herd reduction drove fat cattle prices higher. That pattern continued until recently and this year, for the first time since records have been kept, beef cattle prices rose in early autumn. Stock prices have eased back a little recently but not to the extent which would normally be expected.

A better balance between stock and retail prices is expected in late winter and early spring, Mr Cattell says, but no real improvement in trading conditions is likely for another year or so.

In the meantime many operators could have found the going just too tough. The period from now till Christmas is traditionally the most buoyant time for meat demand in Britain. Some slaughterers, processors and meat traders who do not expect to survive in the medium term are believed to be hanging on so as to take advantage of this before cutting back or closing down in the new year.

Unigate could not wait even this long before closing down its Bletchley factory, which concentrated on cooked ham products. The pigmeat sector in the UK has been in trouble even longer than the beef sector. Strong pressure from Danish and Dutch supplies—aggravated when the pound was weak by import subsidies resulting from the EEC exchange rate equalisation scheme—has kept bacon and ham margins under pressure for some time.

The pound is now stronger and pig supplies are adequate. Problems in the Danish livestock industry have forced Danish bacon prices up in Britain and Denmark is looking more to other EEC markets. But the improvement in conditions these factors promise has come too late for Scot Meat and anyway they may not have much effect on the declining ham market. The factory has lost money in all but one year since Unigate acquired it as part of the Scot Bowyers takeover in 1972. After losing £4m in the last year on its cooked ham operation Unigate decided enough was enough.

The overcapacity problem on the slaughtering side has its roots in the buoyant trading conditions of the mid-1970s. This encouraged expansion and the process was given an extra push by the operation of financial incentive schemes by the British Government and the EEC.

These were mainly intended to bring British plants up to the standards required for exporting to the EEC. But the modernisation this implied naturally resulted in greater capacity as well. The number of slaughterhouses has declined as figures recently published by the Meat and Livestock Commission show. The MLC received levy payments from 1,135 slaughterhouses in 1980/1981, 96 fewer than a year earlier and 419 down from 1977/78. The number is now thought to be down to below 1,100. But although many plants were operating below capacity, average throughput rose from 10,152 cattle in 1979/80 to 11,594 in 1980/81.

The newer, bigger slaughterhouses are in fact those that tend to be feeling the pinch most. High debt levels are difficult to service at present interest rates particularly in a depressed industry. Depreciation is necessarily much higher than for the older plants, as are maintenance costs. Meeting EEC requirements has also involved them in extra expense for higher levels of hygiene and veterinary inspection.

So it may not be just old "inefficient" plants that go in the shake-out that is looming.

Those modern plants that do survive will obviously find themselves in a much more comfortable position but their long term prosperity will continue to depend on resumed real consumer income growth which is vital for the higher consumption levels and retail prices required by the industry.

A measure of the depression in the market was given in Ministry of Agriculture food consumption figures published recently. These showed that in the first quarter of 1981 average per capita red meat consumption in Britain totalled 15.99 ounces per week, 13.7 per cent down from the same 1980 period. Moreover, real prices for beef are lower in real terms than they were three years ago.

For several years abattoir owners have been pressing the Government for industry aid in the form of subsidies towards the cost of hygiene inspection (which some of their Continental competitors already get) or alternatively resumed temporary employment subsidies. But in present economic circumstances most recognise that they will have to try to ride out the storm unassisted. Not all will succeed in this but those who remain will form the basis of a leaner and healthier industry.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 23, 1981. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	5.5176
Algeria	Dinar	4.1675
Andorra	Fr. Franc	5.44
	Sp. Peseta	93.97
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso (c) (4)	8853.00
	Peso (F) (5)	7425.00
Australia	Dollar	0.8673
Austria	Schilling	16.025
Azores	Port. Escudo	64.45
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	93.97
Bangladesh	Taka	15.3342
Barbados	Dollar	2.01
Belgium	Franc (C)	37.23
	Franc (F)	40.77
Belize	Dollar	2.00
Benin	C.F.A. Franc	272.00
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.11
Bolivia	Peso	24.75
Botswana	Pula	0.8738
Brazil	Cruzeiro	106.25
Brunei	Dollar	2.1265
Bulgaria	Lev	0.94
Burma	Kyat	6.4515
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	272.00
Canada	Dollar	1.1985
Canary Is.	Sp. Peseta	93.97
Cape Verde	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	272.00
Chad	C.F.A. Franc	272.00
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.73
Colombia	Peso (O)	56.14
Comoros	C.F.A. Franc	272.00
CongoP'ple.Rep.of	C.F.A. Franc	272.00
Costa Rica	Colon (O)	8.60
	Colon	20.05
Cuba	Peso	0.7313
Cyprus	Pound*	2.3367
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.165
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	28.425
Egypt	Pound* (O)	1.4493
	Pound* (3)	1.2092
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	187.94
Ethiopia	Birr (O)	2.0322
Faeroe Is.	Dan. Krone	7.165
Falkland Is.	Pound*	1.8305
Fiji	Dollar	0.8795
Finland	Markka	4.411
France	Franc	5.44
Fr. C'ty in Af.	C.F.A. Franc	272.00
Fr. Guiana	Franc	5.44
Fr. Pac. Is.	C.F.P. Franc	92.8708
Gabon	C.F.A. Franc	272.00
Gambia	Dalasi	2.1652
Germany (E)	Ostmark (O)	2.281
Germany (W)	Mark	2.281
Ghana	Cedi	2.75
Gibraltar	Pound*	1.8305
Greece	Drachma	55.95
Greenland	Dan. Krone	7.165
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	5.44
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	38.0117
Guinea Rep.	Syli	21.3257
Guyana	Dollar	3.0057
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	6.105
Hungary	Forint	35.44
Iceland	Krona	7.173
India	Rupee	9.11
Indonesia	Rupiah	630.00
Iran	Rial (O)	80.95
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.5995
Israel	Shekel	15.11
Italy	Lira	1155.00
Ivory Coast	C.F.A. Franc	272.00
Jamaica	Dollar	1.7834
Japan	Yen	226.85
Jordan	Dinar	0.331
Kampuchea	Riel	n.a.
Kenya	Shilling	10.316
Kiribati	Aust. Dollar	0.8673
Korea (Nth)	Won	0.94
Korea (Sth)	Won	681.00
Kuwait	Dinar	0.2831
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.71
Lesotho	Loti	0.939
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.95
Luxembourg	Lux Franc	37.23
Macao	Pataca	6.3451
Madagascar D. R.	Franc	272.00
Madeira	Port. Escudo	64.45
Malawi	Kwacha	0.928
Malaysia	Ringgit	2.336
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	544.00
Malta	Pound*	2.5424
Martinique	Franc	5.44
Mauritania	Ouguiya	54.40
Mauritius	Rupee	8.639
Mexico	Peso	25.02
Miquelon	Fr. Franc	5.44
Monaco	Fr. Franc	5.44
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.0991
Mozambique	Metica	29.7897
Namibia	S.A. Rand	0.939
Nauru Is.	Aust. Dollar	0.8673
Nepal	Rupee	12.00
Netherlands	Guilder	2.535
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.2027
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	272.00
Nigeria	Naira (O)	0.6621
Norway	Krone	5.881
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.84
Panama	Balboa	1.00
Papua N.G.	Kina	0.6845
Paraguay	Guarani	126.00
Peru	Sol	449.67
Philippines	Peso	7.995
Pitcairn Is.	N.Z. Dollar	1.2027
Poland	Zloty (O)	31.00
Portugal	Escudo	64.45
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	5.44
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.8305
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.44
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.0811
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1155.00
Sao Tome & Principe DR	Dobra	39.0915
Saudi Arabia	Riyal	3.4175
Senegal	C.F.A. Franc	272.00
Seychelles	Rupee	7.1874
Sierra Leone	Leone	1.1809
Singapore	Dollar	2.1265
Solomon Is.	Dollar	0.8886
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.939
Spain	Peseta	93.97
Span. Ports in N. Africa	Sp. Peseta	93.97
Sri Lanka	Rupee	20.49
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.939
Sweden	Krone	5.512
Switzerland	Franc	1.95
Syria	Pound	3.9262
Taiwan	Dollar (O)	36.30
Tanzania	Shilling	8.1672
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	272.00
Tonga Is.	Pa'anga	0.8673
Trinidad & Tobago	Dollar	2.4065
Tunisia	Dinar	0.4963
Turkey	Lira	121.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8673
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.6732
Utd. Kingdom	Pound Sterling*	1.8305
Upper Volta	C.F.A. Franc	272.00
Uruguay	Peso	11.33
U.S.S.R.	Rouble	0.785
Vanuatu	Vatu	87.9192
Vanuatu	Aust. Dollar	0.8673
Vatican	It. Lira	1155.00
Venezuela	Bolivar	4.29
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	38.32
Zaire Rp.	Zaire	5.4851
Zambia	Kwacha	0.8849
Zimbabwe	Dollar	0.7194

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(4) Argentina: June 22 Two Tier Policy Adopted. Commercial: Fixed by Central Bank of Imports and Exports.
(5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rates introduced July 1—for essential imports.
(7) Somali: Exports and Non-Essential Imports and Transfers.

Dollar nervous

Dollar lost some of its early gains towards the London close in nervous currency trading ahead of President Reagan's speech on the U.S. economy. Eurodollar interest rates were very firm, while the recent selling has left many operators short of dollars, particularly the members of the International Monetary Market in Chicago; and this probably added to the nervous buying of the U.S. currency to cover these short positions.

Sterling continued to lose ground, falling to its lowest level for two-and-a-half years against major currencies in general, but recovered from the very weak trend shown during most of the day after intervention by the Bank of England.

European currencies fell against the stronger dollar, and the Belgian franc replaced the Irish punt as the weakest member of the European Monetary System.

DOLLAR — trade-weighted index (Bank of England) rose to 109.1 from 107.5. It touched a high point of DM 2.3370 against the D-mark, but finished at DM 2.3160, compared with DM 2.3000 on Wednesday. The U.S. currency rose to FFr 5.8375 from FFr 5.4725 against the French franc, to SwFr 1.9725 from SwFr 1.9660 in terms of the Swiss franc, and to Y229 from Y228 against the yen. Near the time of the London close a small U.S. bank announced a cut in its prime lending rate to 18½ per cent, compared with a general rate of 19½ per cent, and this may have contributed to the dollar's late reversal.

STERLING — trade-weighted index (Bank of England) fell to 85.7, the lowest level since March 1979, from 86.8 on Wednesday. It opened at 85.8, and rose to 86.1 at noon. The pound touched a high point of $1.7970-1.7980 in very early trading, and then weakened steadily despite support from the authorities. It fell to $1.7730-1.7740 in the afternoon, but improved slightly as a result of the dollar's late fall, to close at $1.7880-1.7900, a fall of 2.30 cents on the day.

D-MARK — Strongest member of the European Monetary System and trading around the upper divergence limit against its ECU central rate. The D-mark has benefited recently from a narrowing current account deficit due mainly to an increasing trade surplus. Also money growth has remained well within projected limits and the Bundesbank's current tight monetary stance continues to keep inflation in check. Despite touching a five-year low in August, the German currency has recently gained ground against the dollar in common with other European units—The D-mark declined against the dollar at the Frankfurt fixing, but improved against sterling and the Dutch guilder, second strongest member of the EMS. The Bundesbank sold $4.8m when the dollar was fixed at DM 2.3258, compared with DM 2.2922 previously, but probably did not intervene on the open market. The sharp rise caught the market by surprise, with the dollar advancing to DM 2.3210 by late afternoon, partly reflecting the firmer level of Eurodollar interest rates.

ITALIAN LIRA—Remaining weak within the EMS despite recent exchange control regulations and an upward trend in interest rates. The end of the inflow of funds during the tourist season and a weak economy are likely to pose continuing problems for the currency—The lira showed mixed changes at the Milan fixing, losing ground to the dollar, but improving against the D-mark and sterling. The dollar was fixed at L1,177.05, compared with L1,155.80, but eased slightly to L1,176 in the afternoon. The Swiss franc was very firm, and was fixed at a record L595.70, against L592.04.

THE DOLLAR SPOT AND FORWARD

Sept 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7730-1.7980	1.7890-1.7900	0.13-0.23c dis	-1.21	0.80-0.90dis	-1.90
Ireland†	1.5625-1.5710	1.5625-1.5640	0.45-0.35c pm	[illegible]	[illegible]	[illegible]
Canada	1.1983-1.2005	1.1994-1.1997	0.40-0.45c dis	[illegible]	[illegible]	[illegible]
Nethlnd.	2.5725-2.5960	2.5725-2.5775	0.90-0.80c pm	[illegible]	3.02-2.95 pm	4.61
Belgium	37.62-38.15	37.80-37.91	50-60c dis	[illegible]	[illegible]	[illegible]
Denmark	7.2800-7.3200	7.2700-7.2800	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	2.3155-2.3165	0.90-0.82pf pm	[illegible]	3.12-3.04 pm	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	95.90-96.43	95.90-96.00	15-30c dis	[illegible]	[illegible]	[illegible]
Italy	1169.0-1178.5	1169.0-1171.0	22-25 lire dis	-23.86	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Sept 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7730-1.7980	1.7890-1.7900	0.13-0.23c dis	-1.21	0.80-0.90dis	-1.90
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

CURRENCY MOVEMENTS

Sept. 24	Bank of England Index	Morgan Guaranty Changes %
Sterling	85.7	-36.7
U.S. dollar	109.1	+2.9
Canadian dollar	88.3	-18.9
Austrian schilling	116.5	+23.3
Belgian franc	107.1	+10.9
Danish kroner	84.3	-7.4
Deutsche mark	119.2	+41.8
Swiss franc	141.4	+89.3
Guilder	111.5	+18.0
French franc	84.6	-10.5
Lira	57.9	-56.6
Yen	139.9	+34.7

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	[illegible]	0.585216
U.S. $	14	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Belgian F.	[illegible]	[illegible]	[illegible]
Danish K.	[illegible]	[illegible]	[illegible]
D mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French F.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn. Kr.	[illegible]	[illegible]	[illegible]
Spanish Pts.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]
Greek Dr'ch.	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

Sept. 24	£	$		£ Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dir.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth. African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

† Rate given for Argentina is the commercial rate. The financial rate for sterling is [illegible] and for the dollar [illegible]. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	40.5751	-0.55	+0.91	±1.5361
Danish Krone	7.91917	7.78980	-1.63	-0.17	±1.6413
German D-Mark	2.54502	2.48145	-2.50	-1.04	±1.1386
French Franc	5.99526	5.91673	-1.31	+0.15	±1.3638
Dutch Guilder	2.81318	2.75930	-1.92	-0.46	±1.5159
Irish Punt	0.685145	0.680220	-0.72	+0.74	±1.6688
Italian Lira	1262.92	1253.50	-0.75	-0.16	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.
Sterling/ECU rate for September 24 — 0.585216

EXCHANGE CROSS RATES

Sept. 24	PoundSterling	U.S. Dollar	Deutschem'k	Japan'seYen	FrenchFranc	Swiss Franc	Dutch Guild'	ItalianLira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.789	4.145	409.5	9.905	3.530	4.605	2082.	2.144	67.78
U.S. Dollar	0.559	1.	2.317	228.9	5.537	1.973	2.574	1163.	1.198	37.88
Deutschemark	0.241	0.432	1.	98.79	2.390	0.852	1.111	504.6	0.517	16.35
Japanese Yen 1,000	2.442	4.369	10.12	1000.	24.19	8.620	11.25	5107.	5.236	165.5
French Franc 10	1.010	1.806	4.186	413.4	10.	3.564	4.649	2112.	2.165	68.43
Swiss Franc	0.283	0.507	1.174	116.0	2.806	1.	1.305	592.5	0.607	19.20
Dutch Guilder	0.217	0.388	0.900	88.93	2.151	0.767	1.	454.2	0.466	14.72
Italian Lira 1,000	0.478	0.855	1.982	195.8	4.735	1.688	2.202	1000.	1.025	32.40
Canadian Dollar	0.466	0.834	1.933	191.0	4.620	1.645	2.148	975.5	1.	31.61
Belgian Franc 100	1.475	2.640	6.116	604.2	14.61	5.208	6.795	3086.	3.163	100

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 24)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 1/2	offer 17 5/8	bid 17 9/16	offer 17 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Sept. 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14¼-14½	14¾-15	18-19	10⅛-11	8-8¼	11¾-12	30-40	20-35	20-60	6⅝-6⅞
7 days' notice	14⅛-14¾	15-15⅛	18-19	11-11½	24-25	11⅝-11⅞	30-40	60-72	35-55	7-7¼
Month	15¼-15⅝	16-16¼	19⅛-19½	12⅛-12⅜	11⅛-11½	11⅜-11⅞	32-34	41½-45	35¼-40⅛	7⅛-7⅜
Three months	15¾-15⅞	17⅛-17⅜	19⅜-19¾	12⅛-12⅜	11⅛-11⅜	11⅜-11⅞	26-28	35½-38	23⅞-25½	7⅛-7⅜
Six months	15⅛-15½	17⅛-17¾	19⅝-19¾	12¾-12⅞	11½-11⅝	11⅜-11⅞	24½-26	32¼-33¾	21-22	7⅛-7⅜
One Year	15⅜-15½	16½-17⅛	19⅛-19½	12⅜-12⅝	11⅛-11⅜	11⅜-11¾	22¾-24	29-30½	18⅞-19¾	7⅞-8

SDR linked deposits: one-month 15⅞-16⅛ per cent; three-months 15⅞-16⅛ per cent; six-months 15⅝-16 per cent; one-year 15⅜-15½ per cent.
ECU linked deposits: one-month 19 per cent; three-months 17⅞-18⅛ per cent; six-months 17⅝-17⅞ per cent; one-year 16⅞-16⅞ per cent.
Asian $ (closing rates in Singapore): one-month 16-16⅛ per cent; three-months 17⅛-17⅜ per cent; six-months 17⅜-17⅝ per cent; one-year 16¾-16⅞ per cent.
Long-term Eurodollar two years —— per cent; three years —— per cent; four years —— per cent; five years —— per cent, nominal closing rates.
The foll ngniwlo omian?ml ETAOI SHRDLU CMFWYP BFYP WYPaP QJaJaKQJ The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.70-15.80 per cent; three-months 16.75-16.85 per cent; six-months 17.00-17.10 per cent; one year 16.70-16.80 per cent.

MONEY MARKETS

Rates up on weak £

London clearing banks base lending rates 14 per cent (since September 16)

Interest rates were sharply firmer in the London money market yesterday reflecting a further sharp decline in sterling. Buying rates for three-month Treasury bills were quoted at a very nominal 15-15¼ per cent up from 14¾-14⅞ per cent on Wednesday while three-month interbank money rose to 15¾ per cent from 15⅞ per cent. The market tended to adopt a wait and see attitude, looking for either some recovery by sterling or some intervention or message from the Bank of England.

While period rates continued to firm, day to day money was in good supply. The Bank of England forecast gave a shortage of around £50m initially with bills maturing in official hands and a net take up of Treasury totalling −£115m, offset by Exchequer transactions +£50m. The forecast was modified at noon to flat and further revised at 2 pm to a surplus of £50m. There was no intervention by the authorities during the day. Discount houses were paying up to 14 per cent for secured call loans at the start but funds were plentiful during the afternoon, with sizable amounts taken at 12 per cent and 11 per cent.

In Frankfurt the Bundesbank left key lending rates and credit policies unchanged at yesterday's meeting of the central council. No changes had been expected in the absence of a Press conference. In the money market call money was quoted at 12 per cent, unchanged from Wednesday, while the one-month rate rose to 12.15 per cent from 12.10 per cent.

In Rome the three-month Treasury bill rate rose to 19.56 per cent from 19.35 per cent in August.

In Brussels the central bank increased its special credit line facility to the Treasury by BFr 20bn to BFr 150. This is seen as trying to help the authorities meet a growing budget deficit. Given the current political uncertainty in Belgium the authorities may have experienced difficulties in raising funds on world markets.

In Amsterdam Algemene Bank Nederland lowered its base lending rate surcharge by half a point to 2 per cent and it is likely that other Dutch banks will follow suit.

MONEY RATES

NEW YORK

Prime rate	19½
Fed. funds	15-15½
Treasury bills (13-week)	14.16
Treasury bills (26-week)	14.37

GERMANY

Special Lombard	12.0
Overnight rate	12.0
One month	12.15
Three months	12.30
Six months	11.675

FRANCE

Intervention rate	17.0
Overnight rate	18.5
One month	18.5
Three months	18.25
Six months	18.625

JAPAN

Discount rate	6.25
Call (unconditional)	[illegible]
[illegible]	[illegible]

GOLD

Weaker trend

Gold fell $7½ to $447-449 in the London bullion market yesterday. It opened at $450-451, and was fixed at $450.50 in the morning and $446.25 in the afternoon. The metal touched a high point of $451-452 but weakened after the opening of the New York market on fairly heavy selling by U.S. dealers.

In Paris the 12½ kilo gold bar was fixed at FFr 92,700 per kilo ($519.42 per ounce) in the afternoon, compared with FFr 93,700 ($525.58) in the morning, and FFr 93,800 ($536.40) in the afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,770 per kilo ($451.97 per ounce), against DM 33,680 ($458.97) previously, and closed at $445½-447½, compared with $455½-457½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $449.50 per ounce, compared with $457.45.

In Zurich gold finished at $445-448, against $455-458.

	Sept. 24		Sept. 23	
Gold Bullion (fine ounce)				
Close	$447-449	(£251½-252½)	$454½-456½	(£251-252½)
Opening	$450-451	(£252-252¾)	$458-459	(£250¼-251¼)
Morning fixing	$450.50	(£251.003)	$458.00	(£249.905)
Afternoon fixing	$446.25	(£250.702)	$456.50	(£249.820)
Gold Coins				
Krugerrand	$462-463	(£258¾-259¼)	$469-470	(£258¾-259¼)
1/2 Krugerrand	$242-243	(£135½-136)	$241½-242½	(£133¼-133¾)
1/4 Krugerrand	$124-125	(£69½-70)	$123-124	(£67¾-68¼)
1/10 Krugerrand	$51-52	(£28½-29)	$50¼-51¼	(£27¾-28¼)
Mapleleaf	$462-465	(£258¾-259¼)	$468-471	(£258¼-260¼)
New Sovereigns	$110-111	(£61½-62¼)	$112-112¾	(£61¾-62¼)
King Sovereigns	$121-122	(£67½-68¼)	$124¼-126	(£68¾-69½)
Victoria Sovs	$121-122	(£67½-68¼)	$124½-126	(£68¾-69½)
French 20,s	$136-139	(£76¼-77¾)	$138-141	(£76-77¾)
50 pesos Mexico	$559-563	(£313-315¼)	$565-570	(£312½-314½)
100 Cor. Austria	$437-440	(£244¾-246½)	$442-445	(£244-245⅞)
$20 Eagles	$586-591	(£328¼-331)	$585-591	(£332½-335¼)

LONDON MONEY RATES

Sept. 24 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-14½	14¼	—	—	13½	11-14	—	—	—
2 days notice	—	—	14⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14½-14¾	14⅜	—	14⅜	14¾	14	—	—	—
One month	15¼-15⅛	15⅛-15⅝	15¼-14⅞	15¾-15⅜	15⅝	—	14-14¼	14½-15	14⅞-15	15⅞
Two months	15⅝-15½	15⅝-15⅝	—	15¼-15⅜	15⅝	—	14⅜-14¾	14⅞-15⅛	15⅛-15⅛	15⅝
Three months	15¾-15⅝	15⅝-15⅞	15¼-15¾	15⅜-15⅜	15⅞	—	14¼-14½	15-15¼	15⅜-15¼	15⅝
Six months	15¾-15⅝	15½-15⅞	15-15¾	15-14½	15⅞	—	—	—	14⅞-15	15⅝
Nine months	15⅞-15½	15⅝-15¾	—	15¾-14⅝	15⅝	—	—	—	—	—
One year	15⅝-15½	15⅝-15¾	15⅜-15⅜	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	15⅜	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 15-15½ per cent; four years 15-15½ per cent; five years 15-15½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15¼ per cent; four-month trade bills 15¾ per cent.

Approximate selling rate for one-month Treasury bills 14⅝-14¾ per cent; two-months 14⅝-14¾ per cent; three-months 14⅝-15 per cent. Approximate selling rate for one-month bank bills 14¾ per cent; two-months 15 per cent; three-months 15¼ per cent; one-month trade bills 15¾ per cent; two-months 16 per cent; three-months 16½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association): 14½ per cent from October 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11-11½ per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 14.4381 per cent.

Eurobonds hit by rise in short-term interest rates

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FIXED INTEREST bond prices in most major currencies retreated yesterday, after renewed upward pressure on short-term interest rates.

Dollar Eurobonds posted net losses on the day of around ¼ point, although the market steadied in the afternoon as a better than expected start in the New York bond market brought out some bargain hunters in Europe.

The $345m in new issues launched on Wednesday by the World Bank, Genstar and National Bank of Canada were all reported to be selling rather slowly in a market beset by the short-term interest rate movements—six-month Eurodollars gained ⅜ point to 17⅞ per cent.

No new borrowers were prepared to brave the market yesterday, and primary market news was confined to final pricing and adjustment of issues already announced.

The Gulf States 17¼ per cent issue was raised to $60m from $50m because of good demand. The 17⅞ per cent issue for Canada's Federal Business Development Bank was cut to C$40m from C$50m and priced at 99½ per cent. The issue has suffered from the volume of Canadian currency issues currently on offer.

Foreign bonds in the D-Mark and Swiss franc sectors were upset by the rise of the dollar against Continental currencies. Weakness of the domestic German bond market in reaction to recent gains was also a contributory factor.

The 10⅞ per cent coupon on the latest DM 75m Bank of America issue would now be out of line with current yields but placing of the issue was reported virtually complete before yesterday's price falls.

In Switzerland, the City of Montreal is planning a SwFr 100m issue through Credit Suisse with an indicated coupon of 8¼ per cent, while the European Investment Bank is arranging an ECU 45m eight-year 14¼ per cent issue at par through BNP. Warrants attached to the issue allow investors to buy into a five-year series of bonds at 14 per cent.

● Standard and Poors, the U.S. rating agency, has awarded a triple A rating to a SwFr 30m 10-year bond issue being floated by the Danish state electric concern, Elsam. This is believed to be the first time that a Swiss franc foreign bond has received such a rating and the lead manager, Soditic, hopes the move—carried out at the borrower's request—should make it easier to place the bonds, which carry an indicated 5¼ per cent coupon.

Banks should levy 'realistic fees'

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

BIG BANKS should examine more stringently the costs of their international operations and start charging customers more realistic prices for their services, Mr Jan Ekman, managing director of Svenska Handelsbanken, said this week.

Current incomes from Eurolending could not cover both administrative charges and the cost of adequate capital cover, he told a conference in Duesseldorf arranged by the banks linked in the SWIFT money transmission system.

Mr Ekman is understood to have been voicing the views of Nordic bankers who feel that major leading American and European banks are offering loans on the European market at "dumping" rates.

Svenska Handelsbanken itself has expanded its foreign business very fast over the past decade. It continues to make good profits from financing Swedish exports and from re-lending in its own foreign borrowing to Swedish companies. But in lending to Swedish multinational concerns it runs into competition from big banks offering credit at very low margins.

Many banks were stuck with too many low-spread loans but Mr Ekman asked how many with this "stagnant earnings profile" had disclosed the facts to their shareholders or to financial analysts.

The earnings crisis in international banking had been aggravated because during the expansionist 1970s banks had lost sight of costs, Mr Ekman suggested. No industry could survive with the kind of primitive cost accounting practised by many banks.

Very few charged a fee to cover costs and to make a profit on each payment operation undertaken for a customer, or were able to introduce such a polity, Mr Ekman said.

Bankers had argued that they could not inconvenience customers with such charges, when they stood to gain from their lending at good margins, substantial volumes of interest-free "float" and foreign exchange transactions.

However, through fancy new cash management ideas banks had been busy eliminating the so-called float without thinking of how they were to replace it with other sources of income, Mr Ekman said.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday October 15. Closing prices on September 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 14½ 84	185	95⅛	95¾	−0⅛	+0⅜	16.70
CIBC 15¾ 86	75	96	96½	−0½	0	16.38
CNA 15¾ 96	75	89⅞	90⅜	−0⅛	+0⅛	17.07
CNE 13¾ 91	100	80⅝	80¾	−0⅛	+0⅜	17.01
Citicorp Int. Fin. 15 88	150	95⅞	95⅝	−0½	+0¾	16.17
Citicorp O/S 15½ 84	175	99⅛	99⅝	−0⅛	+0⅛	15.89
Cities Service 17 88	150	101⅛	101⅞	−0½	−0⅛	16.87
Con. Illinois 14¾ 84	100	†95	95½	−0⅛	+0⅛	16.90
EEC 14¾ 93	65	89⅛	89¾	−0½	0	16.81
EIB 12¾ 89	75	82⅝	83½	−1⅛	−0⅞	16.88
EIB 16½ 88	100	98	98½	−0½	−0⅜	16.84
Eldorado 13⅛ 86	50	89⅛	89⅝	−0⅛	+0⅞	16.68
Elec. de France 13 88	125	85	85½	−0⅛	+0⅜	16.92
Fed. Bs. D. 15⅝ 84 (J)	40	98⅝	99⅛	−0⅛	+0⅛	16.18
Finland, Rep. of 9½ 86	100	77½	77⅞	−0⅛	−0⅜	17.07
Ford Cr. O/S Fin. 16 84	150	99	99½	+0⅛	+0⅛	16.25
Ford Cr. O/S Fin. 16 85	150	97¾	97⅞	−0⅛	0	16.82
Gaz de France 13½ 86	80	89⅜	89⅞	−0⅜	0	17.01
GMAC O/S Fin. 12⅞ 88	100	86	86½	−0⅛	0	16.47
GMAC O/S Fin. 14¾ 87	100	92⅝	93⅛	−0½	+0⅛	16.67
Genstar 14¾ 91	50	†91½	91⅝	−1⅛	−0⅞	16.55
Hiram Walker 16 88	50	100½	100⅝	−0⅛	0	15.80
IBM Wld. Trade 14¾ 84	100	99¾	100⅛	−0½	−0⅛	14.86
IBM Wld. Trade 14⅝ 85	60	99	99½	−0⅛	0	14.97
Nat. Bk. Canada 15¾ 84	40	96⅛	96⅝	−0½	−0⅞	16.90
Newfoundland 13½ 90	60	85½	85¾	−0⅛	+0⅛	16.80
Nova Scotia 15 91	75	92½	93	−0⅜	+0½	16.50
Ontario Hydro 13½ 91	100	86⅝	87⅛	−0⅛	+0⅜	16.24
Pacific Gas Elec. 16 88	75	100⅝	101⅛	−0⅜	0	15.68
PSNH Int. Fin. 17 86	30	98⅝	99⅛	−0⅜	−0⅛	17.28
Royal Bk. Canada 14 86	100	93½	94	−0⅛	+0⅜	15.94
SNCF 13 91	75	82½	83	−0½	−0½	16.71
Shell Canada 15¾ 91	100	97⅛	97⅝	−0⅝	−0½	16.29
Sth. California 14 87	50	93⅞	94⅜	−0½	−0⅛	15.59
Sth. California 14¾ 88	50	94	94½	−0⅛	−0⅛	16.16
Sven Handlsbk. 13¾ 88	45	87⅝	88⅛	−0½	0	16.88
Swed. Ex. Credit 13 86	75	87⅝	88⅛	−0⅜	−0⅛	17.13
Swed. Ex. Cred. 15¾ 86	50	95¼	95¾	−0½	+0½	17.14
Toronto-Dom. Bk. 14 84	50	94½	94⅝	−0⅜	+0⅛	16.74
Tribune O/S Fin. 14 86	50	†90½	90⅝	−0⅛	−0⅛	17.18
Walt Disney 15¾ 88	100	96⅞	97⅜	−0⅛	+0½	16.63
Wells Fargo Int. 15½ 84	50	98⅛	98⅝	−0⅛	+0⅜	15.87
World Bank 14⅝ 86	500	91⅞	92⅛	−1⅜	−0⅜	16.83
World Bank 16 86	210	97¼	97¾	−0⅝	−0⅜	16.73
World Bank 16 88	80	96⅝	97⅛	−1⅛	−1⅜	16.74

Average price changes... On day −0½ on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	96½	97⅛	−0½	+1⅛	10.54
Austria Rep. of 8¼ 92	150	85⅞	86⅝	0	+0½	10.40
CECA 7⅞ 92	150	84½	85½	−0⅛	0	10.21
CECA 10 91	120	98½	99¼	−0⅛	−0⅝	10.17
CII-Honeywell 8¾ 90	125	84½	84⅞	−0½	+0⅛	11.22
Council of Europe 10 91	100	97⅝	98⅝	0	+0⅛	10.32
EIB 8½ 90	200	88	88⅝	−0½	+0⅛	10.55
EIB 10½ 91	200	99⅞	100⅜	−0⅜	+0½	10.48
FSCDM 9¼ 87	100	90⅝	91⅝	−0⅜	0	11.36
Finland, Rep. of 10 89	100	97⅛	98⅛	0	0	10.42
Iberduero SA 9 90	100	90⅝	91⅛	−0⅛	+0⅛	10.65
Ind. Bk. Finland 8½ 90	50	88⅝	89⅝	−0⅛	+0⅛	10.42
Int.-Am. Dv. Bk. 10 91	100	97⅝	98½	0	+1⅞	10.30
Japan Air Lines 8½ 87	100	90⅝	91⅜	−0½	−0⅛	10.15
Japan Dev. Bk. 7⅜ 87	100	88⅝	89⅜	−0⅛	−0⅛	10.18
Kobe, City of 8 90	100	87⅞	88⅛	+0⅛	+1⅛	10.07
Midland Int. Fin. 8½ 90	180	88⅞	89⅝	0	+0⅛	10.39
Nuclebras 9¾ 88	100	89½	90⅛	−0⅜	+2⅛	11.97
OKB 8¾ 92	150	85⅛	85⅞	−0⅛	0	10.56
Oslo, City of 8¾ 90	80	90⅞	91⅞	0	+0⅛	10.33
Renault Acc. 10⅜ 86	150	97¼	98	−0½	−0⅛	11.39
Venezuela, R. of 9¾ 90	150	93½	94½	0	0	10.86
World Bank 8 90	700	85	85¾	−0⅛	+0⅛	10.62

Average price changes... On day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aerodport Paris 6½ 91	80	[illegible]	[illegible]	[illegible]	[illegible]	7.72
BFCE 6½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bayer Int. Fin. 5½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgelectric Fin. 7¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen, City of 6½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 6¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 6¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dome Petroleum 5¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dome Petroleum 7¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elec. de France 6½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Forsmark 5¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland, Rep. of 6¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Franc. Petroles 6½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Genstar 7 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int. Amer. Dv. Bk. 7 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bank 5¾ 90	100	91½	91¼	−0⅛	+3¼	7.08
Mt. Blanc Tunnel 5½ 90	80	†83	83½	−0⅛	0	8.21
Nawan 5⅜ 90	80	84⅛	84⅝	−0½	−1½	8.30
OKB 7 93	100	†95⅜	96	+0⅛	+1¼	7.54
Oslo, City of 5⅞ 90	80	88⅛	89	−0⅛	+0⅛	7.62
Philips Lamps 5¼ 92	100	†85	85¾	+0⅜	+2⅜	7.24
Swed. Ex. Credit 7¼ 91	75	91⅞	92¼	−0⅛	−1½	8.49
Trade Dev. Fin. 6½ 90	50	†90	91	0	−0⅛	7.62
Voest-Alpine 5¾ 90	80	85½	86	+0⅜	+2⅛	8.03
World Bank 6 91	100	87½	87⅞	−0⅛	−1⅛	7.85
World Bank 7 90	100	96⅝	97	+0⅛	+0⅜	7.50

Average price changes... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 6⅛ 91	15	96⅝	97⅜	0	0	8.67
Australia 6½ 88	20	85½	86⅛	0	0	9.49
EIB 7⅜ 88	12	93⅞	94⅜	0	+0⅞	8.83
Finland 6 8 88	10	85⅛	85⅝	0	+0⅛	9.80
Finland, Rep. of 6⅛ 87	15	96	97	0	0	9.17
New Zealand 8⅛ 87	15	97⅛	98⅛	0	+0⅛	8.91

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	80	†82	83	−0½	−0⅜	16.09
CIBC 13½ 85 C$	50	†90	91	−0½	−0⅛	17.12
CIBC 11½ 85 C$	60	†85	86	0	+0⅛	16.92
Federal Dev. 11⅛ 90 C$	60	†74½	75½	−0½	−0⅞	17.17
Fst. Can. Inv. 10 84 C$	50	†83⅞	84⅛	+0⅛	+0⅛	18.18
R. Bk. Canada 10 86 C$	40	†82	83	−0½	0	16.51
Tordom Cpn. 13½ 85 C$	30	†82	83	0	0	16.30
M. Bk. Dnmk. 9 91 EUA	25	80¼	81½	0	−1⅛	12.40
SOFTE 8¾ 89 EUA	40	77⅞	78½	0	−0⅛	13.00
U. Bk. Nwy. 9½ 90 EUA	18	86⅜	87¼	0	0	12.11
Algemene Bk. 10⅛ 86 Fl	60	92⅛	93½	−0⅛	+0⅛	12.39
Amro Bank 12 86 Fl	75	98⅜	99⅛	0	+0⅛	12.25
Heineken NV 10 87 Fl	100	90⅝	90⅝	−0⅛	+0⅞	12.40
Nat. Nedrlndn. 10 88 Fl	60	92⅜	93⅛	+0⅛	+0⅛	11.59
Ned. Midd. Bk. 10 85 Fl	75	93½	93⅞	+0⅛	+1¼	12.11
Pierson 10¾ 86 Fl	50	92½	92⅝	−0⅛	0	12.55
Rabobank 12 86 Fl	50	97¼	98¼	−0⅛	0	12.55
Air France 14½ 86 FFr	200	88⅞	89⅞	−0⅛	−0½	18.07
Bk. America 14½ 85 FFr	250	88⅝	89⅜	−0⅛	−0⅜	18.08
Charb'nages 13⅞ 85 FFr	400	87⅜	88⅛	−0⅛	−0½	18.00
EIB 14½ 88 FFr	300	85⅝	86⅜	+0⅛	−0⅛	17.99
La Redoute 14⅛ 85 FFr	125	86⅛	87⅛	0	−0⅛	19.17
OKB 14 86 FFr	400	87⅞	88⅜	−0½	−0½	18.00
Solvay et C. 14¾ 86 FFr	200	89⅜	90⅜	−0⅛	−0⅜	18.00
Swed. E. Cr. 14⅝ 86 FFr	250	86⅞	87⅞	0	−0⅛	18.90
U. Mex. Sts. 14 86 FFr	150	87⅜	88⅜	−0⅜	−0⅜	18.58
Acona 14 85 £	20	89½	90½	−1	−1⅛	17.50
Beneficial 14⅛ 90 £	20	80½	81⅛	−0⅛	−0½	18.71
BNP 13½ 91 £	15	82⅜	83⅜	−0⅛	−1⅛	17.27
CECA 13½ 88 £	20	84⅜	85⅜	−0⅛	−1⅛	17.28
Citicorp O/S 13½ 90 £	50	85⅛	85⅞	−0⅜	−2⅛	16.80
Fin. Ex. Cred. 13⅜ 86 £	15	89⅜	90⅛	−0⅛	−1	17.10
Gen. Elec. Co. 12½ 89 £	50	82⅞	83⅛	−0⅛	−1⅛	16.50
Hiram Walker 14⅛ 86 £	25	91	91⅞	−0⅜	−1⅜	17.03
Privatbanken 14½ 88 £	12	87⅞	88⅞	0	−1⅜	17.54
J. Rothschild 14⅛ 90 £	12	89	89⅜	−2½	−3½	16.59
Royal Trustco 14 86 £	12	90⅜	91½	−0⅛	−1⅜	16.91
Swed. Ex. Cr. 13⅜ 86 £	20	89⅛	90	−0⅛	−0⅛	17.17
Akzo 9⅛ 87 LuxFr	500	86⅛	87⅛	−2⅛	−2⅜	12.51
Euratom 9⅜ 88 LuxFr	500	86½	87½	−0⅛	0	12.86
Eurofima 10½ 87 LuxFr	500	88⅜	89⅜	−0⅛	−0⅛	13.27
EIB 9⅜ 88 LuxFr	600	84⅞	85⅞	−0⅛	−0⅛	13.27
Volvo 9⅜ 87 LuxFr	500	84⅛	85⅛	−0⅛	+0⅛	13.56

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0⅞	98⅜	99⅛	18/12	16⅛	16.92
BBL Int. 5 86	0¼	99⅜	99⅞	20/11	18.31	18.38
BNP 5½ 88	‡0½	99½	99⅝	29/10	18.81	18.88
Christiana Bk. 5½ 91	‡0¼	99	99½	5/11	19.19	19.33
Citicorp O/S Fin. 84	‡0	99⅝	99⅞	30/9	19.19	19.28
C Itoh 5¼ 87	0¼	99⅜	100⅛	18/3	17.81	17.84
Co-operative Bk. 5 86	0¼	98⅜	99⅞	16/11	19.56	19.64
Den Norske Credit 6 90	‡0⅛	99⅜	99⅞	6/11	19.19	19.26
Genfinance 5¼ 87	0¼	99½	100	30/10	16.94	16.98
Genfinance 5⅛ 92	0¼	99⅛	99⅜	30/12	18.31	18.40
Giro und Bank 5⅛ 91	‡0¼	98⅞	99⅜	23/12	17½	17.65
GZB 5¼ 92	‡0⅛	98⅝	99⅛	5/12	17⅛	17.46
Ind. Bank Japan 5¼ 88	0¼	99½	100	9/10	16.44	16.48
Lloyds Eurofin 8 90 £	0¼	96⅛	96⅜	6/1	13⅜	14.12
Lloyds Eurofin 5¼ 92	0⅜	98⅞	99¼	4/12	17.44	17.61
LTCB Japan 5¼ 86	0¼	99½	100	13/12	17⅛	17.29
LTCB Japan 5½ 89	0⅛	99½	100	16/1	18.32	18.36
Man. Hanov. O/S 5¼ 94	‡0⅛	99⅜	100⅛	30/11	19⅜	19.40
Merrill Lynch O/S 87	‡0⅛	99⅞	100⅜	9/11	19.06	19.04
Midland Int. Fin. 5¼ 92	0¼	99⅛	99⅝	5/12	17⅞	17.48
Midland Int Fin. 9 91	0¼	98⅞	99⅜	30/10	18.81	18.96
Nacional Fin. 6¼ 88	0¼	99	99½	25/1	19⅛	19.40
Nacional Fin. 5½ 88	0¼	97⅝	98⅛	26/9	14⅞	15.20
Nat. Bk. Canada 5¼ 88	0¼	99⅜	99⅞	24/9	14½	14.55
Nat. West 5¼ 94	§0¼	99	99⅛	14/10	16.19	16.31
Nat. West. Fin. 5¼ 91	§0¼	99	99½	15/1	18⅛	18.28
Nat. West. Fin. 5¼ 92	§0¼	99	99½	23/10	16.81	16.94
Pemex 6 91	0¼	97⅞	98	3/10	15.31	15.66
Societe Generale 5¼ 91	0¼	98⅛	99⅜	22/1	18½	18.74
Sparebanken 6 87	0¼	98⅞	98⅞	18/12	16.81	17.05
Svenska Hndlsbk. 5 87	0¼	99⅜	100⅛	15/1	18⅛	18.13

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5½ 96	7/81	933	82¾	83⅝	−1½	2.23
Bow Valley Inv. 8 95	4/81	23.72	95¾	97½	−1½	30.88
Canon 6½ 95	1/81	529	149½	151	−14	−7.27
Daiwa Secs. 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 5½ 96	7/81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Furukawa Elec. 5¾ 96	7/81	300	[illegible]	[illegible]	[illegible]	[illegible]
Hanson O/S Fin. 9½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cred. Cpn. 5 96	7/81	1866	[illegible]	[illegible]	[illegible]	[illegible]
Ino Overseas 8¾ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inchcape 8 95	2/81	4.55	[illegible]	[illegible]	[illegible]	[illegible]
Kawasaki 5½ 96	[illegible]	229	[illegible]	[illegible]	[illegible]	[illegible]
Marui 6 96	7/81	531	[illegible]	[illegible]	[illegible]	[illegible]
Matsushita El. 7½ 95	11/80	590	[illegible]	[illegible]	[illegible]	[illegible]
Minolta Camera 5 96	10/81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi 5½ 96	7/81	2130	[illegible]	[illegible]	[illegible]	[illegible]
NKK 5½ 96	7/81	188	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Chemi-C. 6 91	10/81	919	[illegible]	[illegible]	[illegible]	[illegible]
Ricoh 5½ 95	10/80	404	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo M. Ind. 7 96	2/81	186	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Bk. Cpn. 6¾ 90	9/80	200	[illegible]	[illegible]	[illegible]	[illegible]
Taylor Woodrow 8¾ 90	1/81	4.84	78	79	−5	−2.95
Transco Int. 8⅜ 95	2/81	68	71	72½	−0½	25.49
Tricorp 8½ 95	12/80	31.25	68½	70	−1⅜	33.17
Union Bk. Switz. 5 89	2/80	70.79	170	72	0	2.92
Sharp Cpn. 6½ 88 DM	9/80	586	156	157	−6½	−7.78
Uny Co. 6½ 85 DM	11/79	879.3	102½	103½	−0⅛	−1.95

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Quarterly growth slows at Dean Witter

By Our New York Staff

DEAN WITTER REYNOLDS, the large Wall Street securities firm, yesterday reported lower than forecast fourth quarter profits because of lower trading volume on the stock exchanges and a sharp drop in underwriting activity.

Dean Witter, the eighth largest brokerage house in New York, said it earned $10.6m on revenues of $251.5m in the quarter which ended on August 31. In the same period of last year, the company earned $9.6m on revenues of $187.1m.

For the full fiscal year, however, earnings showed a sharp improvement at $51.58m compared with $36m in fiscal 1980. Revenues were up from $706.8m to $901.4m.

The strength of the annual figure reflects that for the year as a whole, trading volume on the New York Stock Exchange was fairly strong, with an average daily volume of 47.8m shares traded compared with 40.4m the previous year.

But in the final quarter, the volume of trading slipped badly. The fall in stock prices, which has taken the Dow Jones industrial average to a year low, also reduced the volume of underwriting business. In August, the average daily volume was 43.8m.

"With the Dow at 1,000 we do 10 underwritings a week. With the Dow at 850, it is more likely to be one a week," said Mr Robert Stovall, a Dean Witter official.

The Dow has fallen steadily since mid-June and is now below 850.

Dean Witter is especially heavily dependent upon trading commissions, which account for 40 per cent of revenues. The company is also trying to strengthen its cash management activities and its international operations.

The Dean Witter results are the first from Wall Street since the market turned downwards, but the third quarter results of other major securities firms are also expected to show a weakening from the torrid growth they have enjoyed for most of the last two years.

Sun sells Texas refinery for $265m

By Our New York Staff

SUN OIL COMPANY is to sell for $265m a Texas refinery to Koch Industries, a private company based in Kansas, which wants the facility to serve its Gulf Coast market and to expand its chemical output.

This is the second refinery sale by Sun in a year. Last November, it sold for $140m an Oklahoma refinery with a 48,500 barrels-per-day capacity. The Texas refinery can handle 60,000 b/d of crude oil and has an additional feedstock capacity of 15,000 b/d.

Mr Robert McClements, Sun's president, said the sales were part of Sun's strategy to more closely match its inhouse refinery capacity with its assured crude oil supplies.

The Texas refinery is, he added, "the least integrated" into Sun's system and furthest from its major markets.

The sale is also part of Sun's broader objective of stressing energy development activities rather than downstream business. In the last two years, Sun has built up its coal reserves and bought Seagram's Texas Pacific subsidiary for $2.3bn.

The high cost of the Seagram deal, however, is also a reason why Sun is interested in raising cash through asset sales.

Allied tops chemical table

By Sue Cameron, Chemicals Correspondent

ALLIED CORPORATION of the U.S. has been rated top of the world chemical company league table for its "outstanding performance" in 1980 by Chemical Insight, a leading independent newsletter on the industry.

Allied leapt to first place from twenty-second in the 25-strong league table for 1979. Some European chemical groups, notably Imperial Chemical Industries of the UK and BASF of Germany, got much lower ratings than in the previous year.

ICI dropped from third to fourteenth and BASF from eleventh to seventeenth. But Chemical Insight says these falls reflect that "the recession has been more marked in Europe than in the U.S."

The table is based on such factors as productivity, profitability and financial strength. Allied increased its profitability by 64 per cent last year.

Dow of the U.S., which fell from first to fifth place in the overall table, led the field in 1980 on productivity.

CSR offers $591m for Delhi

BY DONALD MACLEAN

CSR, the diversified Australian sugar and minerals group, has agreed on a merger with Delhi International, the U.S.-based oil group which has most of its interests in Australia, in a deal which puts a price of US$591m (A$514m) on Delhi.

The move is one of the largest buy-backs of Australian assets and one of the biggest Australian takeovers. It widens the already extensive energy interests of CSR, which include coal, oil and gas and Queensland's Julia Creek shale oil prospect. The has the fourth largest with a market capitalisation in Australia of about A$1.5bn (US$1.5bn).

Delhi has substantial interests in oil and gas production and exploration in the Cooper Basin through DPPL, a South Australian-based company. DPPL had proven and probable reserves at December 31 amounting to 752.2bn cu ft of natural gas and 62.3m barrels of crude oil and other liquid hydrocarbons. Further discoveries have been reported since. It has oil and gas exploration interests—particularly in the Cooper and Pedirka basins—and also mineral exploration activities.

CRS is offering US$78 a share for Delhi. This follows Delhi's decision in July to put itself up to tender. No offers had been received by the end of the tender period the next month—although CSR had expressed an interest in a takeover, in July.

Delhi directors have recommended the CSR offer to shareholders, on the advice of Morgan Stanley that it was fair and equitable. Over the last three months Delhi shares have been traded between US$49.50 and US$114.50.

Mr R. G. Jackson, the CSR general manager, said yesterday that a CSR subsidiary formed for the purpose, had been granted options to purchase 1.47m authorised but unissued, Delhi shares by the Murchison family, of the U.S., at a price per share of $78 each, ensuring it of 25 per cent of Delhi's capital, as increased by the new issue.

Australian group to extend oil interests

BY PAUL BETTS IN NEW YORK

THE CURTAIN finally fell yesterday on the year-long auction of Delhi International Oil, a Dallas-based oil company, which has the bulk of its assets in Australia.

For Delhi, which has been seeking a buyer since last December, the agreement to merge with CRS, one of the leading Australian natural resources companies, is probably as happy an ending as the Dallas company could have wanted.

Yet many Wall Street speculators have been badly burned by the Delhi saga. After the company announced it was up for sale last December the Delhi share price was driven $114.50 a share.

Interest in the stock gathered momentum last summer during the remarkable rash of takeovers in the U.S. oil and gas sector, which was capped by the record $7.6bn takeover by Du Pont of Conoco, the country's ninth largest oil company.

But Delhi, which has been advised throughout the Morgan Stanley, the Wall Street investment firm, shocked the market last month when it announced it had failed to find a bidder. In one session, Delhi's share price skidded by as much as $37½ to $77½ a share. As the U.S. merger fever appeared to die down and the stock market began falling on fears of high interest rates and President Reagan's economic policies, Delhi's share price continued to slide. Before the stock was suspended on Tuesday, it was trading at around $63 a share.

The Delhi board has now accepted a $78 a share takeover offer from CSR in a deal, based on Delhi's 7.6m common shares outstanding, worth $591.2m. In view of the company's estimated break up value of about $85 a share, the offer by the Australian company seems equitable to both sides.

Delhi said yesterday it would recommend its shareholders to tender their shares to CSR. The company added that Morgan Stanley, its investment adviser, had said the offer was "fair and equitable."

But the offer has a number of built in guarantees to enable CSR to gain a major stake in Delhi should the tender offer fail. Indeed, as part of the agreement, Delhi has granted a CSR subsidiary an option to buy 1.5m authorised but unissued Delhi shares—equal to about 19.5 per cent of the outstanding Delhi shares—for cash at a price of $78 a share.

Moreover, Delhi's Australian operating subsidiary has granted the Australian company a further option to buy authorised but unissued stock of that subsidiary equal to its current outstanding stock for a price of $78 a share.

The Murchison family, a large Delhi stockholder, has also granted a CSR subsidiary an option to buy the 847,806 Delhi shares which the family controls, again for $78 each.

Yet it remains unclear why Delhi wanted to find a buyer, and why it took so long to find one.

The answer to the first point is relatively simple. Although Delhi has never explained why it was going up for sale, Wall Street believes it lacked the necessary capital to explore its exploration areas in Australia where it currently owns 24m acres of undeveloped land. The company last year sold 22.4m cu ft of natural gas in Australia and owns reserves of about 752bn cu ft of gas. But most of this gas is sold under long-term contracts at a price generally considered to be low.

Delhi owns some 983,000 barrels of proven oil reserves in the U.S. and 13.9bn cu ft of natural gas.

The answer to the question of why it took so long to find a buyer is that Delhi originally put the company up for sale on a sealed bids basis. Although several U.S. oil companies had asked for the data on which to base their bids, none chose to follow through with an offer.

But for CSR, one of Australia's largest companies with interests ranging from oil, gas, coal, sugar cane, chemicals and a host of other assets, Delhi's Australian assets were obviously attractive.

Pentagon to study Grumman bid

BY IAN HARGREAVES IN NEW YORK

THE PENTAGON will examine the proposed $450m merger between Grumman, the New York aerospace company, and LTV, the Dallas-based conglomerate, on the grounds that it would reduce the number of defence prime contractors in the U.S.

Mr Casper Weinberger, the Defence Secretary, said the Pentagon had an overriding interest in maintaining a broad base of supplies. In recent months, Congress has become increasingly concerned about the deterioration of the defence industrial base, mainly as a result of the decision by many smaller subcontractors to cease tendering.

Mr Weinberger pointed out that there are precedents for the Pentagon's study of industrial concentration. A recent example is the Defence Department's interest in the future of American Telephone and Telegraph, which is a major supplier of telecommunications equipment and which may be broken up as a result of Justice Department pressures.

LTV, however, is pressing ahead with its $45 per share offer for 70 per cent of Grumman, in spite of a cool reception at Grumman.

LTV will argue in any antitrust or Pentagon challenge that the winding-down of its own A7 fighter programme for the Navy means there is very little overlap between itself and Grumman, which makes several aircraft for the Navy, including the F14 Tomcat fighter.

Burgo-Scott Italian plant

By Our New York Staff

BURGO-SCOTT, a 50-50 joint venture between Scott Paper of the U.S. and Cartiere Burgo of Italy, is to build a $60m tissue paper plant at Alanno, on the east coast of central Italy.

The mill, due to be completed in early 1983, will be able to produce 40,000 tons a year of toilet tissue, napkins and paper towels.

The Italian investment is not part of the $2bn five-year investment programme Scott announced in the U.S. in February.

Takeover terms hit French shares

BY TERRY DODSWORTH IN PARIS

THE PARIS Bourse fell back by 1.5 per cent yesterday as shareholders gave a gloomy welcome to the Government's final compensation proposals for the companies it is due to nationalise.

It is calculated that the project will cost the Government between FFr 40bn ($7.3bn) and FFr 50bn. But there was still considerable confusion yesterday as to the exact payout per share that will emerge from the complicated formula which is to be used for assessing the compensation terms.

The one clear point for the bourse was that the new terms will be more generous than the original proposals, which would have given shareholders the average price of their shares for 1978, 1979 and 1980. This formula will be used for only 50 per cent of the new evaluation, with 25 per cent based on companies' net assets, and another 10 per cent on average net profits multiplied by 10.

According to Tuffier Ravier, one of the leading Paris brokers, the new terms will produce a higher payment to shareholders in virtually all the nationalisable companies.

At CGE, the giant electrical company, for instance, the broking house calculates compensation at FFr 340 a share against an original assessment of FFr 326 and a final trading price when suspended on September 8 of FFr 284. Payment at Thomson-Brandt, it says, will go up from FFr 216 to FFr 250.7, compared with a suspension price of FFr 185. Similarly, at Rhone-Poulenc, the big chemicals group, compensation will amount to FFr 120.5 a share against FFr 111 in the original draft and a last quoted price of FFr 80.

Among other groups facing nationalisation, compensation at Paribas, the banking and industrial holding group, will work out at FFr 224 a share under the new proposals compared with FFr 211 before the revision and a previous share-market quote of FFr 191. For St Gobain, the industrial group, compensation will be FFr 156, up from FFr 136, which compares with a share price of FFr 106.

The strongest reaction against the terms came yesterday from M Jean-Maxime Leveque, the chairman of Credit Commercial de France, which is to be nationalised along with France's other big banks. He described the measures as "robbery," criticising them for not taking inflation into account and limiting the asset calculation to the parent company position.

The main market reaction was the gloomy feeling that now that the Government measures have come to a head, they are bound to cast a general pall over the bourse.

The sentiments of shareholders within the groups facing nationalisation should become more clear next week after the resumption of dealing in the suspended shares. This is expected to begin on Tuesday and will run for several weeks while the nationalisation Bill makes what promises to be a stormy passage in Parliament.

Brokers said last night that they expected fairly active trading, with some speculators standing to make considerable profits after buying the shares in the groups at their low point in June and July.

Seat near agreement on assembling Toyota cars

BY ROBERT GRAHAM IN MADRID

SEAT, the State-owned Spanish car maker, and Toyota of Japan, have reached virtual agreement on the production of a Japanese designed car in Spain.

INI, the state holding company which controls Seat, is convinced that the way is clear for Seat to assemble between 10,000 and 15,000 of the Toyota cars a year. Seat is also believed to be willing to make available its Spanish distribution network for the Japanese company's vehicles.

Talks between Seat and Toyota have been underway for more than a year and followed the decision by Fiat of Italy not to exercise its option to take control of Seat through a capital increase from the Spanish company.

These talks were accelerated in June when Fiat decided to pull out of direct investment in Seat with the sale of its reduced 32 per cent holding to INI and after Fiat and Seat came to a new agreement on technology and third country sales of existing Seat models, which are based on Fiat products.

A Toyota delegation is currently in Spain while a Seat delegation visited Japan last month.

Cartel Office eases policy on German oil mergers

BY KEVIN DONE IN FRANKFURT

WEST GERMANY'S Cartel Office has given up attempts to save small and medium-sized German oil traders from being swallowed up by some of the world's biggest international oil companies. It has decided, however, that some oil concerns represent a bigger evil for the working of the social market economy than others.

BP, Esso, Shell, Texaco, Mobil, Veba and Wintershall are still prohibited from buying up small, independent oil traders, while nine other oil companies have been given the green light.

The Cartel Office is sticking by its original analysis that the 16 leading oil companies operating in the Federal Republic represent an undesirable oligopoly, but it has decided that the nine smaller members of the club should be allowed to grow faster than their bigger rivals.

Agip, Chevron, Conoco, Elf, Fina, Marathon, Saarberg, Total and UK Wesseling are now to be allowed to step in and become so-called "catch-up" mergers.

The change in cartel office policy towards the oil market means that the authorities have removed their objections to Total, the German subsidiary of the French oil company, buying up the small trader, Günther Speier (Offenburg).

Norsk Hydro to buy 75% of Supra

By Fay Gjester in Oslo

NORSK HYDRO, the Norwegian industrial and energy group, is to buy a 75 per cent stake in Sweden's Supra fertiliser company, at present jointly owned by Boliden-Kema Nobel and SLR, a Swedish farmers co-operative.

Hydro announced yesterday that the Swedish Government had consented to the deal, which will make the concern the sole supplier of fertilisers to the Swedish market. No price was revealed.

Hydro said the purchase was expected "within a few weeks." The agreement provides for Hydro to take over Boliden's and Kema Nobel's shares in Supra, together with a small part of SLR's holding. The remaining 25 per cent will continue to be held by SLR.

As part of the package, Hydro is selling its Swedish feedstuffs subsidiary, Fors Engstrom, to SLR, thus giving the latter a virtual monopoly of Sweden's market for feedstuffs.

The deal has been expected for some time. It was delayed by the Swedish authorities partly because of fears by Supra's Swedish workforce that Hydro might close one or both of Supra's two factories, where output has recently been running well ahead of sales. Apparently, Hydro has given an undertaking against closure.

The Swedish authorities have said that Boliden, Kema Nobel and SLR will not be taxed on their profits from the share sales.

Norway move on operator for Statfjord

By Our Oslo Correspondent

NORWAY'S OUTGOING Labour Government has decided that Statoil, the State oil company, should take over as operator of the Anglo-Norwegian Statfjord field in the North Sea from Mobil, the U.S. oil company, from 1987.

The Oil Ministry confirmed the move yesterday, which was criticised by Mobil as "over-hasty." Mr Kare Willoch, the Conservatives' Prime Minister-elect, indicated that it might well be reversed by the new Government, due to take power on October 13.

Mobil said that instead of rushing through a decision, on the eve of its resignation, the Government should have allowed time for the views of all those concerned — including the UK Government — to be heard.

Mr Willoch said he thought a decision to transfer the role of operator now would be "unwise." He pointed out that "for a long time to come" it was going to be difficult to get enough qualified Norwegians to meet offshore requirements, without depriving the rest of Norwegian industry, "which is already hard pressed."

Mobil's concession agreement with Norway allows the State to transfer operator status to Statoil any time after August 7, 1984, and Statoil is keen to take over this role. Earlier it was assumed that the Government would order the transfer from January 1, 1985. The decision to wait until January 1987 reflects that the field's development, with all three platforms, will not be complete until then. Statoil has the major share in the field.

Income advance at Generali

By James Buxton in Rome

ITALY'S BIGGEST and Europe's third largest insurance company, Assicurazioni Generali, saw a 16.2 per cent rise in premium income last year to L3.287bn ($2.82bn). Group operating profits rose 25 per cent to L62.7bn ($54.10m).

The premium income rise is substantially less than the Italian rate of inflation, which last year was about 20 per cent, and the group is concerned about falling international insurance rates.

However, income in the first half of this year for the parent company shows a 21.2 per cent rise to L821bn compared with the same period of 1980.

About 71 per cent of the group's premium came from EEC countries, and nearly L935bn was accounted for by life assurance, and the rest by accident and damage insurance.

The company, based in Venice, had investments worth L7.07bn at the end of last year, a rise of 17 per cent on 1979.

Volker-Stevin confirms forecast of cut in loss

BY CHARLES BATCHELOR IN AMSTERDAM

VOLKER-STEVIN, the Dutch dredging group, now expects a 1981 net loss of Fl 20m to Fl 25m ($8m to $10m), roughly in line with the forecast in May of a Fl 20m loss. It also confirmed its earlier forecast for a return to profits in 1982.

Turnover is expected to rise by Fl 200m to Fl 3bn this year. The company had an order book worth Fl 3.6bn at the end of June compared with Fl 3.1bn six months earlier.

The value of new orders booked in the first half of 1981 was considerably higher than the amount of work carried out.

VS has almost completed the reorganisation prompted by its slide into the red last year, and the targets set for the disposal of non-strategic assets have been met. The miscalculation of the costs of a number of foreign contracts led to a Fl 280m loss in 1980.

The company's liquidity position is such that facilities granted by its bankers are sufficient to finance its operational needs and no material changes in its financial position occurred in the first half. Share capital and reserves amounted to Fl 530m at the end of June, Fl 14m less than in December.

VS is still locked in a dispute with the Dutch shipbuilding group, Rijn-Schelde-Verolme, over the late delivery of a deep-sea dredging platform. The two companies have turned to independent arbitrators to find a solution. VS considers that the Fl 160m contract is cancelled because the delivery date had been exceeded by nearly two years.

The company last week announced the sale of its Rotterdam headquarters to Boz, a property subsidiary of the Nationale-Nederlanden insurance group for an undisclosed sum.

Record profits at Air Malta

By Godfrey Grima in Valletta

AIR MALTA reports a record M£2.5m ($6m) pre-tax profit for the year ended in March.

Mr Albert Mizzi, the chairman, said the figure compared most favourably with last year's profit of M£669,000. Taxed profits grew to M£1.7m, a figure higher than the company's total share capital.

Mr Mizzi said that for the first time in five years revenue, which stood at M£32.2m, last year grew at a higher rate than expenditure, which totalled M£29.7m. "Our results this year are particularly gratifying considering that the airline industry as a whole has reported an operating deficit of $1bn for 1980."

A good contribution to Air Malta's performance were the Cairo-Tripoli routes. Scheduled revenue passengers went up by 3.8 per cent to 400,100. Cargo carriage dropped by 13.2 per cent and the airline's overall load factor dropped by 2.8 percentage points to 65.9.

Mr Mizzi told shareholders at the annual meeting that while worldwide charter traffic had shrunk from 16 per cent in 1971 to 9 per cent in 1980 as a percentage of total passenger traffic, charter passengers between Malta and the UK had maintained a double figure growth rate.

Swiss Re increases dividend

BY JOHN WICKS IN ZURICH

AN UNCHANGED gross dividend of SwFr 100 per share is declared by Swiss Reinsurance Company of Zurich, for the past year, together with a half-dividend of SwFr 10 each on participation certificates issued last December. This will increase overall dividend payments from SwFr 44.4m to SwFr 46.8m.

Net profits for 1980 rose to SwFr 76.2m ($38.5m) after having dropped to SwFr 69.9m in the previous year. Net premium income rose by 11 per cent last year, partly the result of higher exchange rates for various foreign currencies. In 1979 the parent company had booked net premium income of SwFr 2.54bn and the Swiss Re group as a whole a figure of SwFr 6.49bn.

The company said underwriting results showed a deterioration in 1980, since losses on casualty and non-life re-insurance were higher than the SwFr 49m booked for the previous year. Underwriting profits on life re-assurance remained at about the 1979 level of SwFr 26m.

Life Investors rejects Ago

LIFE INVESTORS of the U.S. said its directors have again urged rejection of the $34 a share offer from a subsidiary of Ago Holding, the Dutch mutual insurance group, writes our Financial Staff.

The board decided the offer was not in the best interests of Life Investors, its stockholders, policyholders, agents, or employees.

Ago is offering $34 each for up to 1.5m Life Investors shares. Ago already owns 41 per cent of the 10m Life Investors shares outstanding.

INTERNATIONAL COMPANIES and FINANCE

Japan plans to raise limit on yen foreign borrowing

BY RICHARD C. HANSON IN TOKYO

JAPANESE AUTHORITIES plan to allow a cautious expansion of international yen lending over the next six months. The pace of lending abroad, however, is being restrained partly by concern over a possible credit crunch at home.

A decision is expected shortly on the new loan ceilings, covering both commercial yen syndicated loans overseas and the yen-denominated Samurai bond market. It is expected that the authorities will allow for a rise of up to 25 per cent over the pace established in the first half of the fiscal year ending this month.

During the first half, the Government imposed a ceiling on yen-syndicated loans of Y250bn ($1.1bn), while the rate of borrowing in the Samurai market, where foreign governments and institutions can issue yen bonds was held to Y50bn a month. Bankers expect ceilings of about Y300bn on yen loans for the next six months, and up to Y60bn a month on Samurai bonds.

The plan to increase yen lending abroad (after sharply curtailing loans following the second oil crisis sparked problems in the balance of payments) reflects the government's generally positive attitude toward encouraging capital outflows.

On the other hand, officials are worried that any sudden surge in external loans could contribute to a credit crunch at home. These worries are directly related to the huge amount of money the government itself intends to raise this year to finance a yawning budget deficit.

The government has just been forced to raise the coupon rate on long-term bonds. A rise in long-term bank prime rates is expected later this autumn.

Expectations of rising interest rates are perhaps the last thing the government wants as it tries to further stimulate a still gradual recovery in economic activity.

To avoid adding to demand for yen overseas, the Ministry of Finance is likely to maintain restrictions on the type of borrower qualifying for a yen-syndicated loan. Such loans are now limited to international institutions, like the World Bank, trade financing and special projects for developing resources.

Sovereign states, where demand for yen loans is thought to be strong, will remain qualified only for the tightly controlled Samurai bond market.

The Bank of Japan meanwhile is attempting to alleviate any tightness in the market by allowing an increase in its "window guidance" on Japanese bank lending next quarter of over 40 per cent compared with a year earlier.

U.S. group to expand in South Africa

By Bernard Simon in Johannesburg

THE SOUTH AFRICAN subsidiary of Joy Manufacturing Company, the Pittsburgh-based mining equipment supplier, has launched a R20m ($21m) expansion programme spread over the next four to five years.

The first phase is the erection of a new service centre, to be followed by the transfer of Joy's entire factory to a new site in Germiston, east of Johannesburg.

The company is the leading supplier of underground trackless coal mining machinery in South Africa. Its customers include Sasol, the oil-from-coal producer. According to Mr H. C. P. Hadfield, the local company's chief executive, the South African subsidiary accounts for 10-12 per cent of Joy's coal mining business.

Mr Hadfield said the financing of the expansion had not been finalised: The U.S. parent company has already invested R4m to increase the local subsidiary's share capital.

Kowloon Motor Bus in reverse at halfway stage

BY OUR HONG KONG CORRESPONDENT

KOWLOON MOTOR BUS suffered a sharp setback in after-tax profits in the six months to June 30, and says that talks with the Government aimed at hiving off its extensive property interests into a separate ocmpany remain stalled.

Mr P. C. Woo, the chairman, told shareholders that profits after tax for the first half of this year fell to HK$17m (US$2.8m). The utility has switched its financial year-end to December 31, so that there is no firm comparison to be made with last year's figures, but this is considerably lower than the HK$33.3m earned after tax for the six and a half months ended August 31 1980.

Mr Woo said that following a 40 per cent increase in fares granted by the Government in April this year, daily revenue from the company's bus operations increased by 33.3 per cent, while the number of passengers carried fell by just under 7 per cent.

The directors have recommended an interim dividend of 10 cents a share, despite the slump in profits. Uncertainty over government approval for fare increases last year, meant that the company waived its final dividend then.

Rental income from the company's property subsidiary, Tyleelord Properties, contributed HK$7.1m to group revenue during the half. But Mr Woo told shareholders that no decision had yet been reached with the Government over plans to split the bus and property holdings into separate companies.

Earlier this year, KMB scrapped plans to launch Tyleelord through a public issue after it ran into opposition from the Government in its demand for major fare increases.

Operating turnover for the six months to June 30 rose to HK$386.4m, compared with HK$330.5m for the six-and-half months to August 31 1980.

Rapid first-half growth at Altech

By Jim Jones in Johannesburg

ALLIED TECHNOLOGIES (Altech), the South African electronics company, continued to grow rapidly in the six months to August 31. Pre-tax profit rose to R15.08m (US$16m), from R10.23m in the first half of 1980, and compared with R21.38m in the year to last February 28. First-half turnover was R81.55m (US$87m), against a year-ago first-half figure of R52.54m, and against R121.95m for the year to end-February 1981.

The management says that it is satisfied with the first half results, and that it believes prospects for the group to be encouraging. In the half-year to August 31 the order book rose to R201m from R137m and all areas of the company's operations are being bolstered to cope with substantially greater business. The expansion is to be financed largely from internal resources.

The company policy is to avoid as far as possible long-term debt and to allow for expansion capital it is to increase dividend cover to 3.3 times over the next few years. Last year, the dividend cover was 2.9 times.

In August, Altech made a one-for-two rights issue which raised R12.4m. The company declares only one dividend, a final. Last year the dividend was 50 cents and earnings 145 cents a share. The first half of the current year has resulted in earnings of 93.8 cents a share against first-half earnings of R65.3 cents previously.

Power Technologies (Powertech), which is 74 per cent-owned by Altech, benefited from its acquisition of battery manufacturer Willard Africa. First-half pre-tax profit rose to R1.83m from the previous year's first-half R1.07m, so exceeding the R1.77m for the year to February 28. First-half turnover was R19.1m, compared with R9.5m in the first half of last year and R22.4m for the year as a whole.

First-half earnings were 3.1 cents a share compared with 3.4 cents in the first half of last year and 5.0 cents for the year as a whole.

MAS profits tumble as fuel costs soar

BY WONG SULONG IN KUALA LUMPUR

A SHARP drop in profits is reported by Malaysian Airline System, for the year ended March, and the company warns that the current year would be even more difficult due to mounting costs and competition.

In spite of a good growth rate in terms of passengers and cargo carried, pre-tax profit dropped to 7.7m ringgit ($3.3m) from 18.8m ringgit due to higher costs, particularly fuel. Total revenue increased by 42 per cent to 825m ringgit, but expenditure went up even faster.

The number of passengers carried increased by 19 per cent to 4.15m while cargo and mail uplifted in terms of tonne kilometres increased by 38 per cent and 41 per cent respectively to 112m and 7.1m. To cater for such increases, MAS took lease of one DC-10, one Boeing 737 and three F27s.

Raja Mohar, MAS chairman, said the current year is likely to be tougher. Fuel, airport charges and labour costs are increasing. Aircraft and engine parts and high technology equipment are rising in price well above the general inflation rate. Competition is getting to be more severe as traffic growth slows down.

But in spite of the difficult conditions in the aviation industry, MAS is pushing ahead with expansion. Its current fleet consists of three DC10s, three Airbuses, nine Boeing 737s, nine F27s and four BN-2 Islanders.

Supply problems blamed for half-year fall at DKH

BY OUR KUALA LUMPUR CORRESPONDENT

PRE-TAX PROFITS of Datuk Keramat Holdings (DKH), one of the two Malaysian tin smelters, for the half-year ended July fell sharply to 7.9m ringgit ($3.4m) from the 16.8m for the same period of 1980.

DKH's directors said that profits for the full year would not match the record 31.9m ringgit achieved last time.

The company blamed the half-year setback to the lack of demand for tantalum slag, lower tin prices and the need to import tin concentrates from overseas, thus incurring higher financing.

There was also virtually no income from investments, compared with 2.3m ringgit from this source previously. This was because Malayan Tin Dredging, which is involved in a merger with Malaysia Mining Corporation, is paying an interim dividend of only 15 cents next month. DKH holds 16.4m shares or 8.6 per cent of Malayan Tin.

Most of the tin concentrates from Malaysia Mining Corporation are now going to the smelter of Straits Trading because MMC is buying a 40 per cent stake in Straits Trading's smelting operations. This has caused DKH to resort to concentrates from overseas.

Esso Malaysia up sharply

BY OUR KUALA LUMPUR CORRESPONDENT

ESSO MALAYSIA has reported a rise in net earnings for the six months to the end of June, to 22.4m ringgit ($9.6m) from 8.1m ringgit previously.

Esso, an oil refiner, 65 per cent owned by Exxon of the U.S., said the increase was attributable to the ability of the company to obtain crude oil supplies at prices lower than the industry's average, the relatively stable prices of crude and higher retail prices for petroleum.

It said second-half prospects were equally attractive, although it warned that the weakening of the ringgit against the dollar and the use of a larger proportion of higher cost Malaysian crude to meet growing demand of oil products could affect margins.

As well as an unchanged interim dividend of 25 cents. Esso is to pay a 75 cent special dividend on ordinary shares.

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) in SHARP CORPORATION

NOTICE IS HEREBY GIVEN that pending approval of the Board of Directors at a meeting to be held on November 2, 1981, an interim dividend will be paid to shareholders of record date September 30, 1981.

Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from September 26, 1981.

Subject to approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment thereof as soon as practicable after receipt of the dividend by the Depositary.

Coupon No. 1 will be used for collection of this dividend.

CITIBANK, N.A., LONDON. Depositary.

September 25, 1981.

NOTICE OF PURCHASE EUROPEAN INVESTMENT BANK

8.25% Dollar Notes of 1976, due September 1, 1983 and 8.75% Dollar Bonds of 1976, due September 1, 1988

NOTICE IS HEREBY GIVEN to bondholders that Union Bank of Switzerland (Securities) Limited, London, as Purchase Agent for account of such Bank, has purchased during the twelve-month period ending 31st August, 1981 US$1,500,000 of our 8.25% Dollar Notes, due 1983 and US$1,750,000 of our 8.75% Dollar Bonds, due 1988.

The principal amount of Notes and Bonds remaining in circulation on 1st September, 1981 was respectively:
US$68,146,000
US$41,250,000

EUROPEAN INVESTMENT BANK
Luxembourg, 25th September 1981

LEGAL NOTICES

IN THE MATTER OF A. R. GINGELL LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 28th day of October, 1981, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Peter Richard Copp, FCA of 44 Baker Street, London, W.1, the Joint Liquidators, of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 16th day of September, 1981.

P. MONJACK.
P. R. COPP.
Liquidators.

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WORLD STOCK MARKETS

Early rise of 2.48 on Wall St

STOCKS WERE little changed at mid-session on Wall Street as many investors moved to the sidelines to wait for President Reagan's address on the economy.

The Dow Jones Industrial Average was up 2.48 to 843.42 at 1 pm, after showing a 1.04 fall an hour earlier. The NYSE All Common Index was 28 cents higher at $67.02, with advances and declines nearly even. Turnover fell to 32.11m shares, against 37.45m at 1 pm on Wednesday.

The market derived some early support from a 0.8 per cent increase in U.S. consumer prices last month following a 1.2 per cent rise in July. However, a spokesman for the Reagan Administration said the inflation rate was still too high.

Mr Murray Weidenbaum, chairman of the President's council of economic advisers, told a meeting of the National Association of Business Economists that "this morning's figures indicate inflation is still very much a concern of the American economy."

Grumman, a takeover target fell 1¼ to $34¾ on more than 335,000. LTV Corp., a Dallas-based conglomerate with annual sales of $8bn, has offered to acquire 70 per cent of Grumman for $45 a share, or about $450m.

American Telephone, the most active issue, rose 1¼ to $58 on nearly 400,000 shares.

Cities Service, the best performer among the volume leaders, jumped two points to $42⅞. Mobil, also active, was unchanged at $25¾.

THE AMERICAN SE Market Value Index was off 0.82 to 293.60 at 1 pm as volume shrank to 3.25m shares (4.31m). Delhi International Oil rose 11⅞ to $74¾.

Canada

Stock prices continued their decline at mid-season, with the decline at mid-session, with the 15.5 to 1,906.3 on volume of 2.45m shares.

Ten of the 14 indices fell, led by Real Estate and Construction, off 102.2 to 6,080.0. Oil and Gas fell 80.1 to 3,587.2 while pipelines rose 10.4 to 1,753.1.

Tokyo

Sentiment was depressed the predictions of a collapse on Wall Street and in London markets by U.S. analyst Mr Joe Granville, sending the Nikkei-Dow Market Average down 128.93 to 7,364.03—its largest drop in four months.

Sporadic foreign selling and stoploss selling in margin trading by smaller domestic investors pushed down prices in response to Mr Granville's remarks.

The Tokyo Stock Exchange Index fell 9.99 to 554.03 on thin volume of 260m shares.

Many Blue Chips suffered major losses. Matsushita Elec. fell Y110 to Y1,340, Fuji Photo the same to Y1,360, Hitachi Y32 to Y713, Pioneer Y290 to Y3,350, Sony Y130 to Y3,810, Canon Y80 to Y1,350 and Nippon Steel Y10 to Y214.

The Average fell below the 7,400 level yesterday for the first time since June 8. The high level of outstanding margin buying and a rush of capital increases by major Japanese enterprises causing fund shortages this month are expected to weigh down prices further before a recovery.

Yesterday's fall was due partly to many Japanese securities companies having to hold off this week at the end of their business year.

Hong Kong

Share prices recovered most of their early losses during the day, after a sharp fall near the opening.

The Hang Seng Index closed only 8.32 down at 1,322.69 after having shed 92.23 by 11 am.

Dealers did not see the upward reaction as a sign of genuine confidence returning to the market and said it is too early to predict whether the rise will be sustained.

One dealer described the day's trading as exemplifying the classic volatility of equity markets. "The market fell too far too fast this morning in the complete absence of buying support. Trading was nothing short of frantic," he said.

Some dealers ascribed the afternoon recovery to bargain hunting and professional bear closing but they said there was no evidence of any institutional support returning to the market.

Other dealers said the rise in the Hong Kong dollar against the U.S. unit was a major factor in the recovery.

One of the few shares not to recover early losses was Carrian Investments, which up to now has been resisting the downward trend. Carrian fell 95c to HK$8.30.

Australia

Share prices closed weaker as the market followed the equity decline in Wall Street and London overnight.

The bearish outlook for the markets painted by U.S. share analyst Mr Joe Granville depressed sentiment. Selling approached near-panic levels at times, dealers said.

The All Ordinaries Index dropped 10.7 to 589.4, its lowest level in more than 16 months.

Sellers concentrated on leading issues, and BHP fell 30c to A$11.10, its lowest finish of the year, while CSR dropped 45c to A$4.25.

CSR earlier confirmed that it and Delhi International of the U.S. had reached agreement to merge. The CSR share price reflected market concern that it will make a large equity issue to raise funds for the deal, brokers said.

Santos, Delhi's main partner in the Cooper Basin, dropped 40c to A$4.70.

Germany

Most share prices closed sharply lower in thin trading, with dealers citing selling triggered by Wednesday's pessimistic forecast for UK and U.S. equities by Wall Street analyst Mr Joe Granville.

The Commerzbank Inde fell 11.40 to 687.30.

In Cars, BMW lost DM 6 to DM 180, while Deutsche led banks down DM 6 to DM 270, with Commerzbank off DM 4.80 to DM 128.20.

In Electricals AEG dropped DM 1.50 to DM 53 and BBC DM 6.50 to DM 240.

Hoechst, usually a steady feature in Chemicals, fell DM 4.30 to DM 119.

On the Domestic Bond market prices of Public Authority Loans fell by as much as 0.90 in a continuation of the easier trend established on Tuesday. The Bundesbank bought DM 51m of paper after DM 8.3m on Wednesday.

Switzerland

Prices closed steady in moderately active trading, with Wednesday's losses on the London and New York stock markets having surprisingly little effect.

But share prices are currently very depressed, dealers said, adding that selective purchases of low priced shares may have been the main support.

Paris

Share prices tended lower following the declines in London and Wall Street.

Trading was thin, with operators awaiting President Mitterrand's Press conference in the afternoon.

Only Rubbers, where Kleber Colombes was suspended after rising 3.5 to FFr 36.5, showed gains. In Chemicals Roussel Uclaf fell back to FFr 245 after opening 4.9 higher at FFr 250.

Elf Aquitaine in Oils showed one of the sharpest falls, losing FFr 21 to FFr 749.

Johannesburg

Golds closed easier in moderate trading as the bullion price eased to around $450.

Closing prices for North America were not available for this edition.

CANADA

Stock	Sept. 23	Sept. 22
AMCA Intl.	20½	21⅛
Abitibi	21	22
Agnico Eagle	10⅝	11
Alcan Alumin	29⅞	30¼
Algoma Steel	42½	43¾
Asbestos	34	35½
Bk. Montreal	24⅝	26¼

HOLLAND

Sept 24	Price Fls.	+ or —
ACF Holding	75	—3.8
Ahold	50.5	—0.8
AKZO	21.7	—0.9
ABN	289	—1.5
AMEV	90.2	—1.1
AMRO	52.8	—0.2
Bredero Cert	184	—0.5

BELGIUM (continued)

Sept. 24	Price Frs.	+ or —
Petrofina	3,950	—55
Royale Belge	3,930	
Soc Gen Banq.	1,625	+45
Soc Gen Belge	900	+16
Sofina	2,505	+25
Solvay	1,820	—10
Traction Elect	1,680	+85

AUSTRALIA

Sept. 24	Price Aust. $	+ or —
ANZ Group	5.10	—0.02
Acrow Aust	1.20	
Allstate Expl	1.02	
Ampol Pet	1.5	—0.02
Assoc. Pulp Pap	2.00	
Audimco	0.15	
Aust. Cons. Ind.	1.88	+0.01
Aust. Guarant.	2.05	

JAPAN (continued)

Sept. 24	Price Yen	+ or —
Kubota	342	+1
Kumgai	345	+1
Kyoto Ceramic	3,060	—60
Lion	386	—1
Maeda Cons	511	+1
Makita	880	—10
Marubeni	321	—8
Marudai	609	—1

Indices

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Norway hits at EEC overfishing

By Fay Gjester in Oslo

BECAUSE EEC fishermen have this year—for the second year running—substantially exceeded the mackerel catch quota set in the fisheries agreement between Norway and the Community, Norway no longer regards itself as bound by the agreement, the Norwegian government announced yesterday.

In a sharp protest note to the Community, copied to the governments of the main EEC fishing nations, Norway said that in view of the need to conserve mackerel stocks, it would resist pressure from its own fishermen to allow fishing in excess of Norway's 1981 quota. But the EEC's disregard of this year's agreement would have to be borne in mind when the time came to negotiate an agreement for 1982.

The Fisheries Ministry said the EEC quota had—according to the Community's own statistics—been over-fished by 300 per cent for the whole of 1980 and by 138.8 per cent so far this year.

Last weekend, two UK trawlers were arrested and brought into port in west Norway for allegedly violating regulations on net mesh size and for entering incorrect data in their catch log books.

Glasshouse growers protest in Brussels

By Sara Evans

A MASS demonstration will take place in Brussels on Monday to protest against the continuing unfair advantage given to Dutch growers through subsidised glasshouse heating costs.

The demonstration of about 600 glasshouse growers from the UK, will be led by Sir Richard Butler, president of the National Farmers' Union. Joining the British protest will be growers from Belgium, West Germany, Denmark, France and Eire.

The demonstration is part of a continuing effort by growers all over Europe to persuade the Dutch government to harmonise their farmers' energy costs with the rest of the Community. Subsidised gas prices, the protesters claim, give the Dutch grower an advantage of about £1,000 an acre in the production of salad crops and flowers.

Coffee pact talks resumed

BY JOHN EDWARDS, COMMODITIES EDITOR

TALKS between producer countries on the terms for a new International Coffee Agreement for the forthcoming 1981-82 season were resumed in London yesterday after a dramatic turnround. On Wednesday night a producers' meeting on the allocation of export quotas broke up in disagreement and one delegation had, in fact, booked flights home.

The producers decided to meet again in early November, but in the meantime a full meeting of the Coffee Council, made up of producing and consuming countries, called to decide on "standby" quotas for the first quarter of the coffee year (October to December).

However in private talks early yesterday morning the producing countries decided to make another effort to reach agreement on the division of export quotas—a key issue at the talks in which consumers are not really involved. The change of mind was attributed mainly to African producers who apparently recognised that there was unlikely to be any substantial shift in opinion by November and meanwhile market prices would fall.

The resumption of talks between the producers has raised hopes that agreement will be reached after all on this issue and this would clear the way for a new pact to emerge, since it is believed the differences between producers and consumers on other issues can be resolved fairly easily.

Because of the renewed producers' talks the meeting of the full Council was delayed until late last night.

Meanwhile coffee prices reflected the changing situation. The market opened with heavy losses, but the bulk of these were recouped later when hopes of a new agreement were revived. On the London Robusta futures market the November position plunged to a low of £976 in early trading, but by the close it had recovered to £1,028 a tonne, only £8.5 down on the previous day.

Gatt embarrassed by sugar row

BY BRIJ KHINDARIA IN GENEVA

AUSTRALIA'S persistence in attacking the European Community's sugar export policies has become a source of some embarrassment for other members of the General Agreement on Tariffs and Trade (GATT).

As a result yesterday's meeting was postponed until today while further informal scheduled consultations were held.

Technically certain GATT rules may have been contravened by the Community's system of paying subsidies to sugar exporters to make up for the difference between world prices and those fixed within the EC. But in practice, GATT has little ability to force any member, not to mention a member as important in world trade as the Community, to alter domestic rules to conform to GATT requirements.

Australia continues to claim that the Community is violating GATT rules because its export subsidies damage the interests of other exporters in foreign countries. GATT's supreme dispute settlement body—the council—has found that the Community's policies pose a threat of such damage, but feels there is no clear cut proof of any such quantifiable damage.

Most GATT members sympathise with Australia's views but seem unable to decide what more can be done.

Our Commodities Staff writes: World sugar market prices rose sharply in London yesterday following the firm tone in the U.S. overnight. The London daily price for raw sugar was lifted by £12 to £173 a tonne in the morning. On the futures market, the January position closed over £4 up at £175.625 a tonne.

However an easier trend developed in late trading with traders becoming increasingly sceptical about the EEC's reported plan to stockpile 2m tonnes of surplus sugar.

Brussels warned on oils tax

THE U.S. has sent a letter to the EEC warning the Community not to impose a tax on vegetable fats and oils, EEC officials said.

The tax is under discussion in the EEC executive as a way of coping with a huge surplus of olive oil once Spain and Portugal join the Community. A meeting on the issue yesterday ended in deadlock.

The contents of the letter were not disclosed but it follows numerous protests from U.S. officials against proposals for a tax, which they fear could hit U.S. sales of vegetable oils and fats.

U.S. Agriculture Secretary John Block said on Monday that any EEC action which would reduce U.S. sales of soyabeans (worth about $5bn a year) and soyabean products would provoke immediate retaliation.

The enlarged Community would have a forecast surplus of around 200,000 tonnes of olive oil annually, mainly from Spain, which could cost the EEC some $700m in subsidies.

Reuter

Cocoa stocks reduced

By Our Commodities Editor

A SHARP reduction in cocoa stocks has been made by London merchants, Gill and Duffus, in its latest market report. It now puts expected closing stocks at the end of the 1980-81 season at 592,000 tonnes compared with 702,000 tonnes in its July report.

The decline is the result of an adjustment in grindings, mainly in France and West Germany, which it is considered have been under-declared over a number of years. The cumulative effect is, therefore, quite considerable.

The projected surplus of supplies for the 1980-81 season is, in fact, slightly up at 77,000 tonnes (against 75,000 tonnes in the July report) with the world crop put at a record 1,640,000 tonnes.

The report predicts substantial buying activity by the International Cocoa Agreement buffer stock during the coming season, which should maintain the pact's intervention levels. But it is "bearish" about the prospects for the following season.

Battering for U.S. farm bill

BY NANCY DUNNE IN WASHINGTON

THE 1981 U.S. farm legislation, bruised and battered by Reagan Administration budget cutters, produced few clear winners and losers in the wake of an unprecedented assault on federal programmes.

Those wielding the scalpel for the President are said to have won because the scaled-down Bill which emerged from the Senate last week cut $2bn from the version produced by the Senate Agricultural Committee.

On the other hand, agriculture lobbyists did get a Bill worth an estimated $10.8bn for four years for farm programmes. Support prices for wheat, maize, cotton, rice, sugar and tobacco were approved, although less generously than in years past.

The big loser was the once indomitable dairy industry, whose overproduction has resulted in 1.5bn tonnes of Government-owned butter, cheese and milk, costing taxpayers an estimated $1.3bn in 1981. Price support spending was curtailed an estimated 45 per cent, while the support price of milk was frozen at $13.10 per hundredweight.

If the cuts are sustained in the House, they will hit just at a time when dairy farmers need to produce more to meet rising costs. They say the Bill will result in further consolidation of small, family owned operations.

The big winner was tobacco, which narrowly escaped three attempts to alter the 40-year-old price support and acreage allotment system which has kept the industry prosperous in spite of report after report linking smoking with cancer.

Sugar producers, aided by aggressive industry lobbyists, won a new loan support programme from the Senate, although they did not get all they wanted. The support price has been set at 16 cents a pound, well over the current world price of 15 cents, but below the 19.6 cents a pound provided by the Agriculture Committee.

U.S. grain farmers might be seen as winners having produced record breaking wheat and maize crops. However, prices dropped below the subsidy target level, and costs of the grain price support programme skyrocketed. In the Senate Bill, support prices have now been set low enough to insure that payments won't be required in fiscal 1983.

To limit the 1982 harvest, Mr John Block, secretary of agriculture has devised a reduced acreage programme, contingent on passage of the proposed legislation. Under the secretary's plan, farmers who participate in the price support programmes must reduce their 1982 planting by at least 15 per cent. No payment will be made for the reduced planting.

The House bill scheduled for a vote before current legislation expires on October 1 now costs about twice as much as the Senate bill. But the budget cutters are busily at work on it or the biggest loser of all could be the entire farm package, which Mr Block has said will be vetoed unless it holds the line on spending.

U.S. options programme welcomed

By Nancy Dunne

PHILIP JOHNSON, chairman of the Commodities Futures Trading Commission (CFTC), brought the proposed futures options test programme to the Capitol this week where it received a favourable reception before a house agricultural subcommittee. Meanwhile, former CFTC chairman James Stone, who is still a commissioner, was lobbying against the scheme.

In a letter to the full Agriculture Committee explaining his lone dissenting commission vote, Mr Stone said that the risks of abuse in options trading "call for cautionary rules and effective enforcement beyond those which will characterise the proposed programme."

In his testimony Mr Johnson said that an entirely new regulatory programme specifically for options trading is not necessary.

FARMER'S VIEWPOINT

The case for share farming

THE FIRST experience I had of share farming was many years ago, soon after I had arrived in Argentina. The estancia which was employing me had a small acreage of arable land which it let out to share farmers. My job was to accept the landowners share of the grain into store from these people. This entailed testing every sack of grain as it was being carried in with a probe which abstracted a handful of grain which I would examine for mould, adulteration etc.

It was thought an advantage by my employers to have one like myself who was still learning Spanish on this job because he would not be so easily bribed to let a doubtful parcel through. This experience reinforces the first principle of share farming practice, which is that there should be absolute trust between the participants.

Share farming has not been common in Britain up to now, because the landlord and tenant system with its fixed rents and statutory controls was the main way in which a landlord, who did not wish to farm himself, exploited his property. But landlords have become unwilling to let their farms, because the latest legislation makes tenants more or less secure for up to two generations.

To explore the matter further, the Country Landowners Association has sponsored a report by a land agent, Mr Richard Stratton, on share farming projects in Britain, the U.S., Australia and New Zealand.

In Britain Mr Stratton found that the schemes investigated only had in common a need to avoid the arrangement becoming a statutory tenancy. This is a grey area and, so far as I know, none have yet been tested in the courts. On the division of expenses and profits there is much diversity. In some the landlord invests a considerable proportion of the capital in the working of the farm including fertiliser, seed, sprays and so on, and takes a proportionate amount of the returns of the profits.

These are in effect partnerships, and much more complicated than the systems found in countries overseas where the division is usually a simple one of a proportion of the enterprise's output. For instance, a share farming agreement in New Zealand for milk simply allocated a proportion of the total income which goes to the milker. These range from 29 per cent where the milker simply milks the cows; 39 per cent where he does more of the farm work and 50 per cent where the milker owns the cows, does all the work, with the owner only supplying the basic fertiliser.

In Australia there is a good deal of share farming, particularly for cereals. Here the landlord receives a percentage of the crop, usually 30 per cent, and supplies the fertiliser.

A characteristic of these overseas arrangements is that they are essentially of one or two years' duration. But there is a fairly high turnover in opportunities for moving to other share farms, and it must be remembered that they are essentially one simple enterprise; a season's milking or a specific crop.

The objections to using share farming on a wide scale in Britain are voiced by the CLA which still harks back to the landlord and tenant arrangements with hopefully fixed or limited terms.

Nevertheless, I believe some such system has a place in this country.

Where it would fit would be in determining rents by making the landlord's share dependent on the seasonal or marketing circumstances of the period. Nor need the agreements be complicated. A simple percentage of output should be enough, based on the relative proportions of the landlord and the farmer's inputs. A complicated arrangement would seem to be mainly designed to give lasting employment to the professionals who set it up in the first place.

Joint Ventures in Farming, by Richard Stratton. Country Landowners Association, £4.

John Cherrington

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper moved up to £983 before closing at £980.5 reflecting currency fluctuations and a good rally on Comex, which had initially lost ground. Zinc was well supported around £510 and closed at £515 while lead, the subject of sustained chartist selling, rallied from £413 to finish at £416. Tin was finally £8,350, aluminium £666.25 and nickel £3,070.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	940.5-1	-3.25	946.5-7.5	-9.75
3 months	976.5-1.5	-1.5	982-3	+10.2
Settlem't	941	-3.5	—	
Cathodes				
Cash	941-.5	-1.25	948-50	+11.5
3 months	972-.5	-.5	978-.5	-10.7
Settlem't	941.5	-1.5	—	
U.S. Prod	—		*92.75-4.5	

Amalgamated Metal Trading reported that in the morning three months higher grade wirebars traded at £977, 78.5, 76, 75.5, 75, 76, 77, 76, 77, 76.5, 77, 77.5, 77, 76. Standard, cathodes, cash £941, 42, three months £971, 72. Kerb: Wirebars, cash £940.5, higher grade three months £976, 76.5, 77. Afternoon: Wirebars, three months £975.5, 76, 76.5, 77, 77.5, 78, 82, 81, 81.5, 82, 82.5, 83, 82. Cathodes, three months £977, 78, 78.5. Kerb: Wirebars, higher grade, three months £982, 81, 80.5, 80, 79, 80, 81. Turnover: 32,475 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	403.5-4	-11.5	402.5-3.5	-5.25
3 months	414-5	-12.2	419.5-20	
Settlem't	404	-11.5	414.5-5	-5
U.S. Spot	—		*40-4	

Lead—Morning: Cash £404, three months £415, 16, 15, 14. Kerb: Three months £415, 14.5. Afternoon: Three months £414, 14.5, 14, 13, 14, 15. Kerb: Three months £415, 18, 17, 16, 15, 16. Turnover: 21,925 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8370-80	-2.5	8360-400	-5
3 months	8340-50	-22.5	8360-5	-15
Settlem't	8380	—		
Standard				
Cash	8370-80	-2.5	8390-400	-5
3 months	8340-50	-12.5	8360-5	-15
Settlem't	8380			
Straits E.	$35.40			
New York	—			

Tin—Morning: Standard, cash £8,390, three months £8,380, 80, 70, 60, 50. Kerb: Standard, three months £8,350, 55, 60, 50. Afternoon: Standard, mid-November £8,395, three months £8,360, 50, 60, 70, 65. Kerb: Standard, three months £8,350. Turnover: 1,215 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	496-7	-.5	497.5-8.5	+5
3 months	513-.5	-.5	516-.5	+4.75
Settlement	497	-.5	—	
Primw'ts	—		*49.75-50	

Zinc—Morning: Three months £514, 13.5, 13, 14. Kerb: Three months £513, 12. Afternoon: Three months £513, 12, 12.5, 12, 11.5, 12, 14, 15, 15.5, 16, 17, 17.5, 16, 16.5. Kerb: Three months £516, 17, 18, 17, 16, 15, 14, 13, 12, 11, 12, 13, 14, 15. Turnover: 20,225 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	638.5-9	+4.25	639-41	+2.5
3 months	665.5-6	+4.25	666-7	+2

Aluminium—Morning: Cash £638.5, 39, three months £668, 67, 67.5, 66.5, 66, 65.5, 66. Kerb: Three months £665.5, 66. Afternoon: Three months £667, 66.5, 66, 66.5. Kerb: Three months £667, 66, 66.5, 66. Turnover: 10,225 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2985-95	-10	2965-85	+15.5
3 months	3050-60	-3.5	3070-80	+21

Nickel—Morning: Cash £2,990, three months £3,090, 3,075, 80. Afternoon: Three months £3,100, 30, 80. Kerb: Three months £3,075. Turnover: 2,442 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close. ¤ High grade cathodes deliverable from Sept 1.

SILVER

Silver was fixed 9.2p an ounce lower for spot delivery in the London bullion market yesterday at 547.7p. U.S. cent equivalents of the fixing levels were: spot $9.785, down 38.7c; three-month $10.186, down 38.8c; six-month $10.836, down 38.2c; and 12-month $11.535, down 25.8c. The metal opened at 548-551½p ($9.75-9.85) and closed at 528¾-533¼p ($9.40-9.50).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	547.70p	-9.20	530.50p	-18.0
3 months	567.70p	-9.18	550.75p	-18.2
6 months	589.20p	-9.10	—	
12months	634.50p	-9.40	—	

LME—Turnover: 149 (85) lots of 10,000 ozs. Morning: Three months 568, 69. Kerb: Three months 568.5, 68, 67, 68. Afternoon: Three months 550, 52, 51.5, 51, 51.5. Kerb: Three months 551, 48, 50.

COCOA

Futures traded within the same narrow range while producers and consumers alike maintained their wait-and-see attitude in the light of imminent buffer stock purchases. Physical business remained quiet, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Sept	1246-53	+6.0	1253
Dec	1291-92	-1.0	1296-90
March	1307-08	-4.0	1317-05
May	1314-15	-5.0	1325-14
July	1321-22	-4.5	1330-22
Sept	1327-29	-5.5	1338-34
Dec	1340-48		1345-40

Sales: 2,105 (1,299) lots of 10 tonnes. ICCO—Daily price for Sept 23: 105.21 (105.60): Indicator prices for Sept 24: 106.57 (106.92).

COFFEE

The postponement of the ICO talks caused a major setback with the market lower opening in very active conditions, reports Drexel Burnham Lambert. Heavy commission house selling thwarted an attempted rally. The news that the ICO had reconvened sparked a dramatic resurgence in near positions. Profit-taking kept prices from closing on the highs.

COFFEE	Yesterday's Close	+ or —	Business Done
Sept	1000-05	-3.0	1002-61
Nov	1028-30	-8.5	1034-75
Jan	1022-25	-13.0	1035-85
March	1021-30	-15.5	1032-85
May	1020-26	-34.5	1025-92
July	1022-25	-32.8	1033-95
Sept	1016-30	-40.5	1025-00

Sales: 8,115 (3,190) lots of 5 tonnes. ICO indicator prices for Sept 23 (U.S. cents per pound): Comp Daily 109.63 (110.63): 20-day average 104.56 (104.28).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 492.0, 492.5, 492.0-491.1; Dec 503.3, 504.0, 503.5-502.5; March 516.0, 516.0, 516.0-514.5; May 526.5, 527.0, 527.0-525.0; July 530.0, 531.0, 531.0-529.0; Oct 528.0, 529.0, untraded; Dec 533.0, 534.0, 535.0-533.0; March 539.0, 541.0, 539.0. Sales: 111.

GAS OIL FUTURES

Prices steadied as continued light profit taking sparked off renewed buying interest in better volume, reports Premier Man.

Month	Yesterday's close	+ or —	Business Done
	$ U.S. per tonne		
September	299.50	+2.00	—
October	303.00	+1.00	305.25-02.00
November	307.25	+1.50	307.50-06.00
December	310.25	+1.25	310.25-09.00
January	313.00	+1.50	313.50-12.00
February	315.00	-0.50	315.00
March	317.50	+0.50	317.00
April	319.50	-0.50	319.50
May	321.00	-0.25	321.00

Turnover: 595 (241) lots of 100 tonnes.

GRAINS

Grains opened unchanged on wheat and barley, but New wheat which was slightly lower. The majority of trade was on wheat/barley spreads, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday's close	+ or —
Nov	106.50	-0.95	101.15	-0.45
Jan	110.45	-0.90	104.70	-0.60
Mar	114.20	-0.65	108.40	-0.45
May	117.95	-0.85	112.00	-0.45
July	121.10	-0.75	—	—

Business done—Wheat: Nov 107.60-106.70, Jan 111.55-110.45, March 115.00-114.20, May 118.70-117.95, July 122.00-121.10. Sales: 389 lots of 100 tonnes. Barley: Nov 101.70-101.15, Jan 105.45-104.70, March 108.95-108.40, May 112.50-112.00. Sales: 275 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Oct 113.50, mid-Oct/mid-Nov 113.95, Nov 115.05 transhipment East Coast sellers. English Feed fob, Oct 110 paid King's Lynn, Nov 112 paid Bristol Channel. Maize: French, Sept/early-Oct 127.50 transhipment East Coast seller. Barley: English Feed fob, Oct 105, Nov 106.50, Dec 109 East Coast sellers. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: N. West 107.40. Feed barley: S. East 98.60, S. West 101.00, W Mids. 97.50, N. West 97.60. The UK Monetary Coefficient for the week beginning Monday, Sept 28 is expected to change to 0.981.

RUBBER

The London physical market opened steadier, and saw little interest at the higher levels, to close steadier. Lewis and Peat report a fob price for No. 1 RSS in Kuala Lumpur of 244.5 (246.0) cents a kg and SMR 20 190.0 (190.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Oct	55.10-55.70	54.20-55.50	—
Nov	55.50-54.00	54.40-54.60	54.30-54.00
Oct-Dec	54.00-54.20	54.40-54.50	54.55-53.90
Jan-Mar	57.30-57.40	57.00-57.10	57.70-56.50
Apl-Jne	59.70-60.00	59.40-59.50	61.10-59.90
Jly-Sept	63.90-64.00	63.60-63.70	64.30-63.10
Oct-Dec	67.30-67.40	67.00-67.10	67.60-66.40
Jan-Mar	70.60-70.70	70.30-70.40	70.70-69.70
Apl-Jne	73.60-73.80	73.70-73.80	73.60

Sales: 392 (696) lots of 15 tonnes: 10 (20) lots of 5 tonnes. Physical closing prices (buyer) were: Spot 52.50p (same): Nov 53.50p (same): Dec 54.50.

COTTON

LIVERPOOL—No spot and shipment sales were recorded. Activity was decidedly small, in view of the sharp decline in stocks and shares, which affected the attitude of buyers. Not more than occasional contracts were under review in African and Middle Eastern styles.

POTATOES

LONDON POTATO FUTURES—The market was nervous, falling to £86.10 on April before short covering towards the close pushed prices up. Nov stayed steady all day, reports Coley and Harper. Closing prices: Nov 74.00, +1.40 (high 74.00, low 73.00); Feb 88.60, +3.00 (high 87.00, low 84.00); April 100.00, +1.00 (high 102.00, low 98.10). Turnover: 627 (802) lots of 40 tonnes.

SOYABEAN MEAL

The market opened slightly higher on weaker sterling, reports T. G. Roddick. Prices remained steady in quiet trading, closing on the highs with late commission house buying.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
October	141.00-45.0	+0.75	141.00
December	138.40-36.5	+0.85	138.40-35.80
February	139.40-39.8	+1.05	139.40-38.80
April	142.00-42.5	+1.25	—
June	144.10-44.3	+1.70	144.10-43.90
August	145.50-47.0	+1.50	—
October	144.00-50.0	+1.80	—

Sales: 47 (46) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £173.00 (£161.00) a tonne cif Sept-Oct-Nov shipments. White sugar daily price £188.00 (£175.00).

The market opened about unchanged but later reports that the EEC would not raise minimum stocks to 10 per cent produced an easier tone, reports C. Czarnikow.

No. 4 Con-tract	Yesterday's Close	Previous Close	Business done
	£ per tonne		
Oct	171.50-72.00	166.50-67.00	174.75-67.00
Jan	175.50-75.75	171.00-72.00	177.50-71.00
March	185.10-85.20	178.85-79.00	186.80-78.10
May	186.85-86.95	182.75-82.80	189.25-85.00
Aug	190.50-90.75	186.50-86.80	192.50-88.50
Oct	193.50-93.60	189.55-89.75	195.50-90.25
Jan	194.00-94.50	184.05-90.00	194.00

Sales: 6,999 (6,075) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £260.4 (same) a tonne fob for home trade and £281.5 (£266.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Sept 23: Daily price 11.80 (11.64): 15-day average 11.38 (11.36).

*

HIDES—Manchester: The firmer undertone continues. Second clears. Ox: 31-35.5 kg, 56.6p a kg (56.0p a kg); 26-30.5 kg, 57.0p a kg withdrawn (58.2p a kg); 22-25.5 kg, 64.2p a kg (63.6p a kg). Light cows: 25.5 kg, 62.3p a kg (61.6p a kg withdrawn).

*

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.50-£6.60, codlings £3.80-£4.50. Large haddock £4.40-£4.90, medium £2.90-£3.90, small £1.80-£3.00. Large plaice £5.40, medium £4.70-£5.40, best small £4.00-£4.50. Skinned dogfish, large, £9.00-£10.00; medium, £8.00-£9.00. Lemon soles, large, £10.50; medium, £9.50. Rockfish £1.60-£2.50. Saithe £2.50.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 75.6 to 78.9; Ulster hindquarters 92.5 to 95.0, forequarters 54.5 to 56.5. Veal: Dutch hinds and ends 124.0 to 129.0. Lamb: English small 64.5 to 73.5, medium 67.5 to 72.0. Imported frozen: New Zealand PL 64.5 to 64.5. Pork: English, 120-160 lb 41.0 to 49.2.

MEAT COMMISSION—Average Fatstock prices at representative markets on Sept 24. GB—Cattle 88.50p per kg lw (+0.27). UK—Sheep 154.24p per kg est dcw (+8.48). GB—Pigs 77.27p per kg lw (+5.43).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Outspan: Valencia Lates 48 5.50, 56 6.30, 72 6.25, 88 5.40, 112 5.35, 138 5.30, 150 4.95; Argentine: 64/72/88/100 5.40-6.80. Lemons—Spania: boxes 5.00-8.50, trays 25/50 2.80-3.50; Outspan: 80/195 7.50-10.00; Chilean: 80/160 8.50-10.00. Grapefruit—Outspan: 27 4.20, 32 4.85, 36 5.00, 40 5.30, 48 5.00, 56 4.40, 64 4.10, 72 3.30; Cuban: 36/40/48 4.20-4.50; Honduras: 32/56 5.50-5.80; Argentina: Ruby 36/40 6.50. Apples—French: new crop, Golden Delicious 20 lb 3.10-3.40, 40 lb 5.80-6.20, Stark Crimson 40 lb 7.50-8.20, Granny Smith 8.50-9.20; 20 lb 4.60; Spanish: Granny Smith 7.50-8.50; U.S.: Red Delicious 11.00-12.50. Pears—French: per 28 lb Williams 3.50, Alexandrine 2.80-3.00; Italian: per pound 0.16-0.21; Spanish: per pound 0.15-0.20. Plums—Italian: President 6.00; French: President 6.00; Rumanian: Anna Spath 3.00; U.S.: per pound 0.65. Grapes—Spanish: Almeria 11 lb 2.40-2.60, Negra 2.80; French: Alphonse 13 lb 2.80-3.00; Italian: Regina 1.50-1.80, Italia per pound 0.20. Melons—Spanish: 10 kilos yellow 1.00-2.80, green 5/7 2.50. Watermelons—Greek: 2.50; Spanish: 3.00. Peaches—Italian: large trays, B/C 2.80-3.50; French: small trays 1.60-2.20. Pineapples—Ivory Coast: each 0.40-1.20. Bananas—Colombian per lb 0.19-0.20. Avocados—U.S.: 20s 5.50-6.00; South African: by air 4.00-5.00. Strawberries—U.S.: 12 oz 0.90-1.00. Raspberries—U.S.: 8 oz 1.50. Pomegranates: Spanish: 35/50 5.00-5.50, 60 4.50-5.00. Tomatoes—Dutch: 2.00-2.20; Spanish: 1.80-2.00. Onions—Spanish: Grano 3/5 2.60-3.00. Capsicums—Dutch: 5 kilos red 5.80, green 3.40, yellow 6.80. Aubergines—Dutch: 5 lb 5.20. Cabbages—Dutch: White 2.50-2.80, red 3.00-3.30. Chillies—Dutch: 3 kilos 3.00. Artichokes—French: Globe 34s 5.80. Asparagus—S. African: per pound 2.50. Chicory—Belgian: 3 kilos 3.00-3.50.

English Produce: Potatoes—per 55 lb white 2.40-2.60, red 2.60-2.70, King Edwards 2.80-3.20, jacket 3.20. Mushrooms—per pound open 0.40-0.50, closed 0.60-0.70. Apples—per pound Bramley 0.10-0.18, Lord Derby 0.09-0.12, Howgate 0.10-0.12, Cox's 0.20-0.28, Worcester Pearmain 0.10-0.16. Pears—per pound, Williams 0.10-0.12, Conference 0.12-0.15. Plums—per 12 lb Marjorie's 4.80, Damson 3.00, Laxton Cropper 3.00, Wyedale 2.80-3.00. Strawberries—per ½ lb 0.25-0.40. Raspberries—per ½ lb 0.50-0.60. Blackberries—per ½ lb 0.20-0.25. Tomatoes—per 12 lb D 1.60, E 1.40. Cauliflowers—per pound, Lincoln 1.50-2.40. Cabbages—per bag, Primo 30 lb 1.00-1.20. Lettuces—per 12 round 0.80-0.90, Cos 10/12 1.80-2.00, Webb's 1.40-1.60. Radishes—per pack 12 x 8 oz 1.50, bnches of 15 1.50. Onions—per tray x 20 bunches, spring 2.00, 55 lb 40/60mm 2.40-2.80. Cucumbers—per 10/20 1.00-2.40. Carrots—per 26/28 lb 0.80-1.00. Beetroots—per 28 lb 1.00-1.20. Marrows—per box 1.00-1.20. Fennel—per 10 lb 3.00. Parsnips—per 28 lb 2.00. Stick beans—per pound 0.05-0.15. Swedes—per net 1.20-1.30. Leeks—per 10 lb 1.60-2.00. Courgettes—per tray 1.50-1.80. Sprouts—per 20 lb 1.80-2.50. Pumpkin—per pound 0.08-0.10.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 24 1981	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$1150/1160		$1115/1125
Copper			
Cash w'bar	£962.5	+9.75	£927.5
3 mths	£982.5	+10.25	£955.75
Cash Cathode	£949	+11.5	£927.5
3 mths	£978.5	+10.5	£949.5
Gold troy oz	$443	-7.5	$412
Lead Cash	£403	+5	£408
3 mths	£414.75	-5	£414.5
Nickel	£4106.28		£4,087.3
Free mkt	255/265c		270/290c
Platin'mtr'y oz	£260		£260
Freemkt	£239.35	-2.55	£226.95
Quicksilver	$428/435		$425/435
Silver troy oz	547.70p	-9.2	483.40p
3 mths	567.70p	-9.1	498.65p
Tin Cash	£8395	-5	£8205
3 mths	£8362.5	-15	£8350.5
Tungsten22.0lb	$145.86		$145.43
Wolfrm 22.04lbs	$144/148		$144/148
Zinc Cash	£498	+5	£524
3 mths	£516.25	+4.75	£537
Producers	$1000		$925/1000
Oils			
Coconut (Phil)	$530x		$560
Groundnut	‡		‡
Linseed Crude	£420	-12	£432
Palm Malayan	$507.5y	-2.5	$610
Seeds			
Copra Philip	$355	+15	$355
Soyabean (U.S.)	$260z	-1	$278.5
Grains			
Barley Fut. Jan	£104.70	-0.6	£102.05
Maize	£127.50w		£126
Wheat Fut. Jan	£110.45	-0.9	£108.65
No2 HardWint	‡		£117.00
Other commodities			
Cocoa ship't*	£1,387	-1	£1,220
Future Dec.	£1291.5	-1	£1,225.5
Coffee Ft' Nov.	£1028	-8.5	£904.5
Cotton A Index	75.60c		78.30c
Gas Oil Oct.	$303	+1	$302.5
Rubber (kilo)	52.5p		58.75p
Sugar (Raw)	£173wy	+12	£175
Woolt'ps 64s kl.	398p kilo	+2	382p kilo

‡ Unquoted. z Oct. y Nov. x Oct.-Nov. w Sept-Oct. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, Sept 24.

Copper—Sept 77.60 (76.30), Oct 77.75 (76.45), Nov 78.80, Dec 79.80-79.90, Jan 80.95, March 82.00-83.00, May 85.00, July 86.30, Sept 88.70, Dec 91.45, Jan 92.35, March 94.15, May 95.95, July 97.75. Sales: 13,000.

*Gold—Sept 447.2 (456.5), Oct 448.0 (457.0), Nov 453.0, Dec 459.0-460.0, Feb 471.0-472.0, April 484.0, June 496.5, Aug 509.5, Oct 522.0, Dec 535.0, Feb 548.0, April 561.2, June 574.6.

Potatoes (round whites)—Nov 73.5 (same), Feb 84.0-84.9 (84.2), March 89.5, April 103.5-104.0. Sales: 360.

†Platinum—Oct 423.0-425.0 (438.0), Nov nil (nil), Jan 432.0-438.5, April 440.0, July 458.0, Oct 484.0.

†Silver—Oct 946.5 (995.5), Nov 959.0, Dec 974.0, Jan 988.5, March 1018.0, May 1046.0, July 1074.0, Sept 1102.0, Dec 1144.0, Jan 1158.0, March 1186.0, May 1214.0, July 1242.0. Handy and Harman bullion spot: 947.00 (994.00).

Sugar—No. 11: Oct 11.70-11.85 (12.19), Jan 12.30-12.45 (12.85), March 13.03-13.05, May 13.33-13.40, July 13.61-13.65, Sept 13.90, Oct 14.08-14.10. Sales: 14,650.

Tin—675.00-685.00 (688.00-700.00).

CHICAGO, Sept 24.

Lard—Chicago loose 22.00 (same).

Live Cattle—Oct 66.87-66.75 (67.20), Dec 67.95-67.85 (67.85), Feb 68.90-68.75 [illegible]

Live Hogs—Oct 50.10-50.00 (49.92), Dec 51.50 [illegible]

[illegible]

Pork Bellies—Feb 65.45-65.60 (64.60) [illegible]

WINNIPEG, Sept 24

§Barley—Oct 125.50 (128.10), Dec 121.00 (121.20), March 125.00, May 128.80, July 131.20.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, Sept 23.

Coffee—"C" Contract: Dec 120.00-120.50 (121.32), March 115.70-116.50 (117.37), May 115.60-116.25, July 116.01-116.05, Sept 116.00-116.40, Dec 113.30-114.00. Sales: 2,870.

Cotton—No. 2: Oct 62.35-62.50 (63.12), Dec 64.70-64.80 (66.22), March 67.50-67.55, May 69.32-69.35, July 70.85, Oct 73.50-73.60, Dec 74.55, March 75.25-76.00. Sales: 3,400.

Orange Juice—Nov 130.10-130.50 (131.45), Jan 132.80-133.00 (133.95), March 135.05-135.25, May 137.15-137.30, July 139.25-139.50, Sept 140.25-140.50, Nov 141.00-141.50. Sales: 900.

CHICAGO, Sept 23.

Chicago Imm Gold—Sept 456.0 (460.9), Dec 469.0-469.5 (475.0), March 488.5, June 506.3, Sept 525.1, Oct 531.4, Dec 544.1, March 563.3, June 582.7.

NEW ORLEANS Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Nov 1954½, Jan 1994, March 2040, May 2080.

EUROPEAN MARKETS

ROTTERDAM, Sept 24.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter 13.5 per cent Oct 201, Nov 205, Dec 208. U.S. No. 2 Red Winter Oct 181. U.S. No. 3 Amber Durum Oct 188, Nov 196, Dec 203. U.S. No. 2 Northern Spring 14 per cent Oct 190, Nov 194, Dec 198.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports Sept 273.50, Oct 259, Nov 258, Dec 264.50, Jan 271, Feb 276, March 281, April 285.50, May 289 sellers tradeless.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. Oct 234 traded, afloat 243, Sept 242, Oct 234, Nov 234, Dec 239, Jan-March 244 sellers. Brazil Pellets afloat 258, Oct 251, Nov 253, Dec 255, Nov-March 263 sellers.

PARIS, Sept 24.

Cocoa—(FFr per 100 kg): Sept 1200-1250, Dec 1285-1300, March 1310-1320, May 1325-1339, July 1340 bid, Sept 1360 bid, Dec 1370 bid. Sales at call: nil.

Sugar—(FFr per tonne): Nov 1730-1780, Dec 1821-1830, March 1877-1879, May 1920-1932, July 1930-1980, Aug 1960-2000, Oct 1970-2010, Nov 1970-2010. Sales at call: 2.

INDICES

FINANCIAL TIMES

Sept. 23	Sept 22	Month ago	Year ago
259.93	258.25	256.53	279.60

(Base: July 1, 1952=100).

MOODY'S

Sep. 23	Sept. 22	Month ago	Year ago
1022.2	1029.2	1028.0	1326.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 23	Sep. 22	Month ago	Year ago
Spot	349.77	350.02	362.60	462.01
Fut'rs	370.15	371.05	367.08	482.76

(Average 1924-25-26=100)

REUTERS

Sep. 24	Sep. 23	M'nth ago	Year ago
1667.6	1658.2	1659.9	1761.4

(Base: September 18, 1931=100)

U.S. stockpile to buy iridium

WASHINGTON — The General Services Administration (GSA) announced plans to buy the platinum-group metal iridium for the U.S. strategic stockpile.

It is one of the commodities identified as a priority item in an earlier announcement by the Federal Emergency Management Agency.

The stockpile goal for iridium is set at 98,000 ounces while the stockpile now only has 17,000 ounces.

The GSA said it contemplates establishing basic ordering agreements with suppliers to buy over an extended period.

The quantities and delivery periods for the iridium will depend on market conditions and fund allocations during the 1982 fiscal year, which starts October 1, it added. Reuter.

NOTICES

COMPANY

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) in FUJITEC CO., LTD.

NOTICE IS HEREBY GIVEN that for the payment of a cash dividend, the share transfer books will be closed for the period October 1, 1981 to the close of the Ordinary General Meeting of shareholders to be held around the middle of December, and during this period it will not be possible to register the transfer of shares against the surrender of EDRs. Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from September 26, 1981.

Subject to approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment thereof as soon as practicable after receipt of the dividend by the Depositary. Coupon No. 1 will be used for collection of this dividend.

CITIBANK, N.A., LONDON, Depositary.

September 25, 1981.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) in NOMURA SECURITIES CO. LTD.

NOTICE IS HEREBY GIVEN that for the payment of a cash dividend, the share transfer books will be closed for the period October 1, 1981 to the close of the Annual General Meeting of shareholders to be held around the middle of December, and during this period it will not be possible to register the transfer of shares against the surrender of EDRs. Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from September 26, 1981.

Subject to approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment thereof as soon as practicable after receipt of the dividend by the Depositary. Coupon No. will be used for collection of this dividend.

CITIBANK, N.A., LONDON, Depositary.

September 25, 1981.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) in MARUBENI CORPORATION

NOTICE IS HEREBY GIVEN that for the payment of an interim cash dividend, the shareholders' register will be closed for the period October 1, 1981 to October 15, 1981 and during this period it will not be possible to register the transfer of shares against the surrender of EDRs. Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from September 26, 1981.

Subject to approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment thereof as soon as practicable after receipt of the dividend by the Depositary. Coupon No. will be used for collection of this dividend.

CITIBANK, N.A., LONDON, Depositary.

September 25, 1981.

JAMES WALKER GOLDSMITH & SILVERSMITH p.l.c.

NOTICE IS HEREBY GIVEN that the Transfer Register of the Ordinary Shares and the Non-Voting Ordinary Shares will be closed from 12th October to 23rd October 1981, both days inclusive, for the payment of a final Dividend on 6th November 1981.

J. S. CUSHNIE, Secretary.

PERSONAL

NORTHERN IRELAND. "One way to help" — watch Terry Neill, Sunday, BBC1, 6.35 pm.

LONDON STOCK EXCHANGE

Values crash again in dejected markets but equities stage strong after-hours rally in contrast to Gilts

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2

* "New-time" dealings may take place from 9.30 am two business days earlier.

A fresh collapse in London stock market values yesterday stunned equity dealers who described early trading conditions as bewildering and verging on near panic. Throughout the session equities slumped with the FT Industrial Ordinary share index recording progressively larger falls at each hourly calculation. But towards the official close, a rally developed and after-hours leading shares shot up to the extent that the index, after posting a fresh drop of 17.4 at 3 pm, closed only 5.7 down on balance at 489.1.

Gilt-edged securities were not immune from the early depression and showed fresh weakness in the wake of an ailing sterling exchange rate, coupled with tighter credit conditions in money markets.

Equity values wilted from the outset as the market met with a fresh wave of selling from both private clients and institutional operators. Secondary issues often bore the brunt of the liquidation and sustained losses stretching to 30 and occasionally more. The extent of the setback was measured by the drop in the broadly based FT-Actuaries All-Share index, down 2.7 per cent at 284.38.

Worries about the economic situation together with fears of even higher interest rates continued to weigh heavily on sentiment, while the dire forecasts for world stock markets made by the American analyst, Mr Joe Granville, continued to play a part in the sell-off.

Of the sectors, Banks were hard hit following talk of possible measures to curb lending to the private sector. Falls ranged to 36 at one stage before being trimmed in the after-hours' dealings. Letraset, one of the day's few bright spots, closed 4 higher at 134p after the revised agreed offer from Esselte.

Renewed pressures for higher short-term interest rates allied to the fresh setback in sterling sent Gilt-edged lower still. Attempted recoveries soon fizzled out and quotations were 1½ down at the official close, but in the after-hours' dealings bear-covering took prices away from the worst. The Government securities index weakened 0.81 to 61.29 for a loss of 2.96, or 4.6 per cent over the past nine days.

Total contracts completed in Traded options amounted to 2,733, comprising 1,715 calls and 1,018 puts — the first four-figure business in puts since the introduction of trading in late May. BP and Shell Transport recorded 278 and 120 calls respectively. Among puts, Lonrho attracted 470 trades and Racal 313.

Banks fall

A fairly resilient market of late on the prospect of further base lending rate increases, the major clearing banks plummeted on nervous selling induced by fears of a pending credit squeeze. Although rallying after-hours, Barclays still sustained a fall of 26 at 402p, after 392p, while NatWest declined 17 to 358p, after 352p. Lloyds dipped 13 to 370p, after 362p but Midland ended only 6 cheaper at 310p, after 302p. Dearer money fears left Hire Purchases easier throughout. Speculative favourite FNFC lost 4 at 25½p and Provident Financial gave up 6 at 101p. Wagon Finance lost 3 to 40p as did Sterling Credit, to 6p. Merchant banks collapsed with falls of between 12 and 17 seen in Mercury Securities, 205p, Hill Samuel, 130p and Hambros, 130p. Elsewhere, Grindlays shed 16 to 170p and Standard Chartered 28 to 605p.

Against the dull trend in Insurances, Alexander Howden rallied 4 to 140p on the Alexander and Alexander Services of the U.S. bid situation. Other Lloyds Brokers continued lower with Willis Faber finishing a further 12 off at 348p.

Leading Breweries finished above the worst, but regionals remained depressed and displayed substantial falls. Greene King fell 24 to 244, while Youngs, 233p, and Matthew Brown, 154p, gave up about 17 apiece. Belhaven shed 5 to 26p.

The Building sector suffered another setback, but the leaders showed signs of rallying after-hours. Among the major casualties, Taylor Woodrow slumped to 505p before closing 28 down on balance at 510p, while Wimpey dropped 10 to 91p on disappointment with the interim results. John Mowlem declined 26 to 128p, but Newarthill rose 10 to 390p following good half-yearly figures and the Board's confident statement. W. & J. Glossop gave up 7 to 59p despite good interim results. Phoenix Timber were 20 down at 88p following the annual meeting.

ICI, as low as 354p at one stage, rallied late to close a net 2 dearer at 364p, while Fisons settled 3 firmer on balance at 135p.

Leading Stores managed a recovery in the late trading and House of Fraser closed 6 easier at 148p, after 145p, while UDS ended only a penny lower on balance at 66p, after 64p. The increased interim loss triggered sizeable selling of Owen Owen, which dropped to 193p before rallying 200p for a net fall of 15. Harris Queensway, mid-term results expected in the next Account, declined 10 to 102p, while Currys shed 20 to 158p. Cornell Dresses and Polly Peck, down to 105p and 210p respectively initially, encountered useful late interest which sharply reduced earlier losses; Cornell ended 17 lower at 118p and Polly Peck closed 30 down at 230p. Wearwell fell 7 to 67p.

Electricals volatile

Heavily sold and down by as much as 22 in the morning session, Electrical majors staged a strong late rally. GEC fell away to 660p before closing only a net 2 down at 678p, while Racal gave up 10 at 395p, after 383p. Plessey recorded a closing gain of 6 at 320p, after 308p. Elsewhere, falls were severe with STC, 24 lower at 388p and Farnell, a similar amount off at 407p. Automated Securities plummeted 36 to 110p and First Castle Securities collapsed 30 to 65p.

Secondary issues bore the brunt of some heavy selling in Engineerings. Simon fell 33 more to 335p making a fall of 73 since Monday's disappointing interim results. Matthew Hall lost 18 to 157p and Ransomes Sims and Jefferies declined 15 to 143p, while ML Holdings dipped 20 to 275p. Westland shed 12 to 86p and Adwest relinquished 11 to 142p. Despite news of the increased interim dividend and higher first half profits, Haden shed 21 to 135p, while Hall declined 3 to 165p, after 160p, also following half-year trading news. The leaders rallied smartly after-hours and Hawker closed a couple of pence harder at 290p, after 276p.

Leading Foods closed above the worst in places. J. Sainsbury dipped to 400p before closing 15 down on balance at 410p, while Tate and Lyle settled 8 lower at 160p, after 156p. Rowntree Mackintosh, a few pence easier awaiting the interim results, picked up to 160p on the announcement before finishing a net 6 cheaper at 158p. William Morrison shed 18 to 130p, despite the 64 per cent interim profits expansion, while Hillards lost 24 in a thin market to 248p and Amos Hinton gave up 19 at 163p.

Letraset better

One bright feature emerged in a demoralised miscellaneous industrial sector in the form of Letraset which moved up 4 to 138p, after 145p, in response to the agreed, higher bid terms from Esselte. Original and rival bidders Mills and Allen improved to 443p on the news but then fell away sharply to 408p before closing a net 17 down on balance at 418p; following the announcement that M. and A. had sold its substantial shareholding in Letraset to Esselte. Elsewhere, falls of between 20 and 35 were sustained by Hanson Trust, 236p, Smiths Industries, 315p, Vinten, 280p, Sidlaw, 140p, and Securicor, 165p. Despite the return to first-half profitability and interim dividend payments, Hoskins and Horton ended 12 down at 90p, after 85p. G. W. Sparrow plummeted 15 to 58p on the poor interim figures and Rowan and Boden dipped 3 to 27p for a similar reason. A late rally in the leaders helped Glaxo close 4 better at 370p, after 358p and Unilever finished only 5 down at 565p, after 550p.

Motor Components were relatively resilient. Dunlop's interim loss proved no worse than anticipated and the close was a few pence cheaper at 66p, while Supra eased 4 to 52p following the first-half statement. Lucas touched 198p but rallied to close a net 9 lower at 200p. Flight Refuelling, however, finished at the bottom, giving up 33 more at 285p. Falls in Distributors ranged to 8, while a more detailed appraisal of the interim results left Lotus 5 off at 27p.

Newspapers and kindred issues followed the general trend. Associated lost 20 to 170p and News International 10 to 93p. Advertising concern Saatchi and Saatchi dropped 37 to 266p, but A. and C. Black provided a rare bright spot, rising 3 to 51p on the increased interim profits.

Shell rally late

Properties were virtually devoid of support during the house session, but staged a modest rally late. Land Securities closed 4 cheaper on balance at 284p, after 282p, and MEPC a like amount down at 198p, after 196p. British Land ended 5 off at 73p and Capital and Counties 4 easier at 97p. Hammerson "A" were lowered 50 to 540p, while falls of around 8 were marked against Haslemere Estates, 376p, Great Portland Estates, 168p, and Berkeley Hambro, 225p. Among secondary issues, Rosehaugh dipped to 230p before closing 25 down on balance at 245p, London and Provincial Shop fell 45 to 375p, North British Properties shed 16 to 148p and Daejan 15 to 133p.

Shell Transport, down 24 on Wednesday, fell to a low for the year of 326p before recovering late to close a net 4 up at 336p. British Petroleum ended 2 easier at 264p, after 260p, Ultramar finished 15 down at 415p and Lasmo 10 cheaper at 425p.

Among Overseas Traders, Inchcape fell 31 further to 275p and Lonrho shed 7 to 72p. Troubled meat trader Thomas Borthwick were particularly weak at 10p, down 4.

"Dawn-raid" on Tanks

The much-rumoured "dawn-raid" and takeover bid for Tanks materialised yesterday with Societe Generale de Belgique purchasing 21 per cent of Tanks' shares in an hour-long buying spree which was followed by a 450p per share cash offer for the outstanding capital.

Tanks opened at 450p and held that level for the 60-minute period during which Societe Generale's holding was raised from just under 30 per cent to around 51 per cent. Subsequently Tanks' shares eased back to close at 441p, a net gain of 69p.

Other mining issues, however, suffered another sharp reversal, in line with the heavy losses in UK equities, before staging a strong recovery in the after-hours trade. Rio Tinto-Zinc, down to 477p at one point, rallied to close 3 easier on balance at 490p, while Gold Fields were finally 9 cheaper at 488p, after 480p and Charter a net 4 off 213p, after 205p.

South African Golds were upset by general market conditions and were additionally burdened by the $7.50 fall in the bullion price to $448 an ounce.

Share prices were marked down initially, met renewed selling during the morning and early afternoon and then tended to steady on news of a U.S. prime rate cut. Nevertheless, earlier losses were sufficient to lower the Gold Mines index a further 9.8 to 401.2—a two-day decline of 15.1.

Platinums showed Impala 20 down at 405p and Rustenburg 15 lower at 275p, while in Financials GFSA dipped a point to £45 and Anglo American Corporation 15 to 760p.

Australians sustained widespread and heavy falls. The London-registered Hampton Areas fell to a year's low of 145p before recovering to close 15 down on balance at 155p.

FINANCIAL TIMES STOCK INDICES

	Sept. 24	Sept. 23	Sept. 22	Sept. 21	Sept. 18	Sept. 17	A year ago
Government Secs.	61.29	62.10	62.65	63.23	62.32	62.33	70.24
Fixed Interest	63.28	64.05	64.13	64.15	64.29	64.39	71.57
Industrial Ord.	489.1	494.8	515.3	506.9	515.4	531.4	464.4
Gold Mines	401.2	411.0	416.3	401.1	389.4	399.7	500.6
Ord. Div. Yield	6.13	6.11	5.86	5.98	5.94	5.68	7.08
Earnings Yld. % (full)	10.67	10.60	10.18	10.32	10.14	9.84	17.10
P/E Ratio (net) (*)	11.97	12.05	12.55	12.37	12.50	12.99	7.16
Total bargains	27,287	17,931	18,309	18,280	15,935	16,453	20,127
Equity turnover £m.	—	131.76	177.29	141.38	129.51	118.60	127.63
Equity bargains	—	14,635	14,866	15,529	12,477	12,126	20,137

10 am 485.6. 11 am 483.5. Noon 480.6. 1 pm 478.8. 2 pm 477.7. 3 pm 477.4.

Latest Index 01-246 8026.

*Nil=10.63.

Basis 100 Govt. Secs. 15/11/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5)	61.29 (24/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/5)	63.28 (24/9)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	282.6 (29/5)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 23	Sept. 22
Daily Gilt Edged Bargains	158.9	186.5
Equities Bargains	94.8	96.3
Equities Value	265.3	360.5
5-day Avrge. Gilt-Edged Bargains	168.0	169.9
Equities Bargains	90.2	87.0
Equities Value	282.3	318.7

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (6)

STORES (1)
Tricoville

INDUSTRIALS (1)
Bellair Cosmetics

NEWSPAPERS (1)
Black (A. and C.)

SOUTH AFRICANS (1)
Greatermans A

MINES (2)
Vlakfontein, Tanks Con

NEW LOWS (538)

BRITISH FUNDS (72)
CORPORATION LOANS (4)
LOANS (6)
FOREIGN BONDS (3)
AMERICANS (3)
CANADIANS (1)
BANKS (15)
BEERS (6)
BUILDINGS (17)
CHEMICALS (3)
DRAPERY AND STORES (28)
ELECTRICALS (27)
ENGINEERING (33)
FOODS (8)
HOTELS (6)
INDUSTRIALS (69)
LEISURE (5)
MOTORS (6)
NEWSPAPERS (4)
PAPER (4)
PROPERTY (56)
SHIPPING (9)
SHOES (3)
TEXTILES (9)
TOBACCOS (1)
TRUSTS (65)
OIL AND GAS (46)
OVERSEAS TRADERS (6)
RUBBERS (2)
TEAS (2)
MINES (16)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	90	14
Corpns. Dom. and Foreign Bonds	—	25	46
Industrials	51	1,065	226
Financial & Props.	17	405	81
Oils	4	85	14
Plantations	3	9	17
Mines	13	107	47
Others	59	59	94
Totals	147	1,845	539

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barclays Bank	402	−26	NatWest Bank	358	−17
British Aerospace	177	−10	Polly Peck	230	−30
Inchcape	275	−31	Racal Electronic	395	−10
Initial Services	120	−10	RTZ	490	−3
Lonrho	72	−7	Shell Transport	336	+4
Mills and Allen	418	−17	Tanks Con.	441	+69

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sept 21	Oct 2	Dec 21	Jan 4
Oct 5	Oct 16	Jan 7	Jan 18
Oct 19	Oct 30	Jan 21	Feb 1

For rate indications see end of Share Information Service

Option market business was almost equally split between calls and puts. Stocks favoured for the call included Town and City Properties, Dunlop, Clyde Petroleum, Bula Resources, FNFC, Premier Oil, British Aerospace, Thomas Borthwick, J. Hepworth, Ultramar, Tilbury Construction, Tozer Kemsley and Millbourn, Dowty, London Investment Trust, North Kalgurli, Muirhead, BP, Teotal, Global Natural Resources and NCC. Puts were dealt in MFI, Raybeck, De La Rue, GEC, British Land, Mills and Allen, Kennings, Boots, Thorn EMI, Hawker Siddeley, Invergordon Distillers, Bentalls, Grand Metropolitan, Cope Allman, Racal and FNFC. Double options were arranged in Dunlop, Royal Bank of Scotland, Commercial Union, Hutchison Whampoa, RTZ, ICI, Amalgamated Metal, Premier Oil and Grand Metropolitan.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Sept. 24, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Sept. 23 Index No.	Tues. Sept. 22 Index No.	Mon. Sept. 21 Index No.	Fri. Sept. 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	315.36	−3.2	11.39	5.01	10.83	325.80	336.41	333.17	341.29	282.72
2	Building Materials (25)	276.82	−4.5	16.51	6.19	6.92	289.79	297.33	294.94	302.87	252.69
3	Contracting, Construction (28)	493.57	−6.8	19.23	5.78	6.04	529.56	544.82	540.20	561.61	422.09
4	Electricals (30)	1052.93	−1.4	8.57	2.69	14.57	1068.39	1104.62	1099.23	1122.82	867.63
5	Engineering Contractors (10)	423.65	−6.5	14.98	6.44	7.90	452.97	462.85	460.10	479.43	338.72
6	Mechanical Engineering (69)	178.06	−3.3	13.05	6.38	9.91	184.07	191.65	188.34	192.07	177.83
8	Metals and Metal Forming (13)	146.81	−3.8	9.82	8.07	13.80	152.68	157.53	154.82	159.29	157.89
9	Motors (21)	91.69	−4.6	1.83	7.34	—	96.09	99.59	98.11	100.23	98.24
10	Other Industrial Materials (18)	329.54	−3.7	10.28	6.87	11.82	342.28	351.96	346.92	355.86	0.00
21	CONSUMER GROUP (195)	249.22	−2.3	13.75	6.49	8.99	255.15	265.08	261.56	266.46	240.28
22	Brewers and Distillers (20)	265.34	−1.1	16.85	7.27	7.14	268.17	279.18	277.86	279.77	287.77
25	Food Manufacturing (21)	237.91	−2.9	16.55	7.07	7.29	244.95	251.62	248.93	255.45	319.97
26	Food Retailing (14)	482.59	−4.1	10.24	3.68	11.67	503.03	519.29	515.69	529.40	392.93
27	Health and Household Products (7)	306.98	−0.3	9.03	4.81	13.24	308.00	323.22	317.05	322.95	238.70
29	Leisure (22)	385.09	−3.5	10.34	5.71	12.01	398.87	414.73	410.37	422.49	343.34
32	Newspapers, Publishing (12)	441.69	−3.9	13.93	6.71	10.29	459.51	474.28	470.65	480.83	446.73
33	Packaging and Paper (13)	127.18	−1.2	15.17	8.37	7.97	128.69	133.44	131.75	133.73	129.54
34	Stores (44)	227.89	−2.8	12.69	5.84	10.51	234.45	243.44	241.00	244.30	256.82
35	Textiles (23)	139.56	−4.7	8.91	6.66	15.74	146.46	150.16	148.57	152.41	119.50
36	Tobaccos (3)	240.47	−0.5	21.13	10.82	5.54	241.70	257.53	245.12	240.69	219.90
39	Other Consumer (16)	247.44	−5.5	4.92	6.83	52.83	261.81	266.12	266.58	272.33	0.00
41	OTHER GROUPS (79)	204.11	−3.1	12.15	6.96	10.55	210.62	216.65	214.47	218.62	223.36
42	Chemicals (15)	269.41	−0.1	6.05	6.68	27.51	269.68	279.78	274.68	277.34	358.44
44	Office Equipment (5)	99.56	−1.4	16.62	8.59	7.28	100.99	103.82	102.31	104.66	158.29
45	Shipping and Transport (13)	459.09	−4.5	23.08	7.97	5.16	480.64	487.90	482.39	490.69	571.15
46	Miscellaneous (46)	256.52	−6.4	14.69	6.56	8.26	274.10	280.97	280.70	289.21	278.48
49	INDUSTRIAL GROUP (488)	265.45	−2.8	12.65	5.98	9.81	272.98	282.59	279.34	285.20	254.38
51	Oils (12)	624.33	−0.4	23.22	9.22	4.88	626.81	661.81	662.68	674.32	850.05
59	500 SHARE INDEX	294.56	−2.4	14.41	6.52	8.40	301.71	313.35	310.42	316.75	302.16
61	FINANCIAL GROUP (119)	239.73	−3.2	—	6.33	—	247.77	254.55	252.12	256.39	240.92
62	Banks (6)	249.59	−4.3	35.77	7.54	3.29	260.68	266.76	265.75	270.46	250.41
63	Discount Houses (10)	250.17	−0.3	—	9.06	—	250.92	251.09	249.92	253.08	301.25
64	Hire Purchase (3)	206.06	−6.2	15.10	8.97	9.17	219.77	220.32	220.06	224.15	221.18
65	Insurance (Life) (10)	259.36	−1.9	—	6.12	—	264.44	272.72	267.77	270.39	261.56
66	Insurance (Composite) (9)	159.83	−1.2	—	8.37	—	161.82	166.81	165.01	166.49	177.27
67	Insurance Brokers (8)	393.90	−1.8	11.49	6.02	11.82	401.06	415.95	408.58	423.32	337.25
68	Merchant Banks (13)	140.93	−6.7	—	5.71	—	151.03	151.71	150.48	156.06	147.80
69	Property (50)	414.08	−3.8	4.66	3.44	29.07	430.50	445.53	441.05	448.17	459.37
70	Miscellaneous (10)	160.45	−5.3	20.05	6.94	6.06	169.44	170.79	170.20	174.96	152.56
71	Investment Trusts (109)	279.48	−3.6	—	5.72	—	290.04	293.76	293.55	298.97	276.82
81	Mining Finance (3)	243.38	−1.2	13.48	5.85	8.90	246.34	256.42	252.64	261.31	272.15
91	Overseas Traders (19)	379.42	−6.2	12.28	7.84	10.38	404.57	414.41	414.51	424.31	456.86
99	ALL-SHARE INDEX (750)	284.38	−2.7	—	6.44	—	292.17	302.20	299.62	305.31	293.79

FIXED INTEREST

	PRICE INDICES	Thurs. Sept. 24	Day's change %	Wed. Sept. 23	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	104.69	−0.92	105.66	—	7.82
2	5-15 years	99.04	−1.13	100.17	—	9.20
3	Over 15 years	99.71	−1.16	100.89	—	10.34
4	Irredeemables	107.74	−1.75	109.64	—	9.05
5	All Stocks	100.81	−1.08	101.91	—	9.05
6	Debentures & Loans	77.11	−1.56	78.33	—	7.67
7	Preference	60.65	−1.83	61.78	—	5.39

	AVERAGE GROSS REDEMPTION YIELDS		Thurs. Sept. 24	Wed. Sept. 23	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.54	13.18	11.70
2		15 years	14.16	14.00	11.69
3		25 years	14.24	14.08	11.69
4	Medium Coupons	5 years	15.89	15.51	13.01
5		15 years	16.12	15.91	13.27
6		25 years	15.64	15.43	13.07
7	High Coupons	5 years	15.86	15.48	13.15
8		15 years	16.27	16.07	13.55
9		25 years	15.84	15.64	13.27
10	Irredeemables†		15.90	15.65	11.28
11	Debs & Loans	5 years	16.91	16.46	14.06
12		15 years	17.05	16.77	13.90
13		25 years	17.07	16.81	13.79
14	Preference†		16.32	16.04	14.51

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. or amount	Times covered	Gross yield	P/E ratio
155	F.P.	21/8	172	123	*Aerospace Eng.	123	−10	bd7.5	1.4	8.7	11.4
—	F.P.	14/8	8	6	*Hartons 5p	7	−½	—	—	—	—
25	F.P.	18/9	28	26	JapanAssetsTrust 10p	26	......	—	—	—	—
63	F.P.	2/10	56½	50	Jeavons Eng.	50	......	b3.75	1.7	10.7	6.5
28	F.P.	—	29	25	*Lon. Private Health	27	−1	—	—	—	—
§100	F.P.	30/10	102	99	MarineAdv.SailTst. £1	99	......	—	—	—	—
‖	F.P.	20/8	125	100	*Newcourt Oil	100	......	—	—	—	—
—	F.P.	—	180	170	Nippon Electric	175	......	Q525%	2.9	0.9	58.6
100	F.P.	—	102	100	Precious Metals Tst.	100	−2	—	—	—	—
—	F.P.	18/9	14	10	Stewart Ent. Warrs	12	......	—	—	—	—
52	F.P.	28/8	120	108	St'ckhold'rsF.E.Inv $1	108	......	—	—	—	—
66	F.P.	7/9	92	75	*Thorpac	78	−5	b1.82	3.7	3.3	10.8
—	F.P.	—	160	155	*UtdFrd'lyIns.S.R.V.	160xc	......	h6.25	—	5.6	—
§15	F.P.	25/9	17½	9	*WillaureSystems 10p	9	......	—	—	—	—
¶¶	F.P.	11/9	15	8	Do. Rest. Div. 10p	8xr	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	127	115	Amal Dist. Products 10 Cv. Ln. '97	115	−2
100	£40	20/10	36⅞	38¼	Birmingham Drop-Lock '86/93	38¾	......
—	F.P.	—	122	110	Carlton Real Est. 10% Conv. Deb. 1995/5	110	−7
100‖	F.P.	7/8	112¼	93	Chloride 7½% Conv. Prf.	92	......
¶	F.P.	24/9	101	99⅞	East Surrey Water 10% Prf. 1986	101	+1
100‖	F.P.	28/8	113	99½	Hanson Trust 9½% Cv. Uns. Ln. 2000-6	99½	−4½
98½	£25	12/11	25¾	21	Inco 15¾% Uns Ln. 2006	21	−1¼
100‖	F.P.	12/8	124½	103	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	103	......
§100	F.P.	—	100⅛	99	Nat'wide Bdg Society14⅝%Bds(25/8/82)	99	......
§100	F.P.	—	99¾	99⅜	Do. 15⅜% Bds (28/9/82)	99¾	+⅛
100	£10	—	11	10½	Portsmouth 10% Prf. 1986	10½	−½
¶¶	F.P.	21/8	93p	77p	Sterling Credit 5.5% Cnv. Red. Pref.	77p	−1
97.33	£30	—	29⅜	28	Utd. Mexican States 16½% Ln. 2008	28	−1
100½p‖	F.P.	11/8	100½p	65p	'W' Ribbons 10% Cum. Red. Prf. '95-96	65p	......
¶100	F.P.	24/9	101½	100½	York Waterworks 10% Red. Pref. '85	101	−½

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
60	F.P.	24/9	15/10	84	70	Amal. Dist. Products	70	......
10	Nil	9/10	11/11	3½pm	½pm	Astra Ind.	½pm	−1¼
235	Nil	2/10	6/11	44pm	11pm	BICC	11pm	−12
275	125p	13/7	2/12	188	122	BP	122	−8
76	Nil	—	—	2½pm	¼pm	Brown (J)	¾pm	−¼
11	F.P.	28/8	30/9	13	10½	Cartons	11	......
62	F.P.	11/9	7/10	74½	64	H.A.T. Group	64	−5
12½	F.P.	9/10	18/9	30½	23	Jantar	23	......
131	F.P.	28/8	5/9	178	123	Ladbroke	123	−10
110	F.P.	7/9	19/10	135½	111	Laird Grp.	111	−4
35	F.P.	21/8	2/10	60	41	Lane (Percy)	48	......
107	Nil	30/9	8/1	14pm	¼pm	Morgan Crucible	¼pm	−1¾
‖	F.P.	—	—	6	2	New Court Nat.Res. War'ts.	6	......
A$1	P.P.	—	—	196	136	Pancontinental	126	−4
85	F.P.	18/9	19/11	125	136	Property Sec. Inv. rt.	136	−6
112	Nil	25/9	6/11	125	115	Trusthouse Forte	111	......
360p	F.P.	9/9	9/10	550	410	Utd. Scientific	410	−40

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
[illegible]

Cornhill Ins. (Guernsey) Ltd.
[illegible]

Cortecs International
[illegible]

Craigmount Fixed Int. Mgrs. (Jersey)
[illegible]

DWS Deutsche Ges. F. Wertpapiersp
[illegible]

Delta Group
[illegible]

Deutscher Investment-Trust
[illegible]

Dreyfus Intercontinental Inv. Fd.
[illegible]

Duncan Lawrie Inv. Mgt. (Jersey)
[illegible]

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
[illegible]

The English Association
[illegible]

Eurobond Holdings N.V.
[illegible]

F & C Mgmt. Ltd. Inv. Advisers
[illegible]

Fidelity International Ltd.
[illegible]

First Viking Commodity Trusts
[illegible]

Fleming Japan Fund S.A.
[illegible]

Frankfurt Trust Investment-GmbH
[illegible]

Free World Fund Ltd.
[illegible]

G. T. Management (U.K.) Ltd.
[illegible]

Gartmore Invest. Ltd.
[illegible]

Granville Management Limited
[illegible]

Guinness Mahon Fd. Mgrs. (Guernsey)
[illegible]

Hambros Fd. Mgrs. (C.I.) Ltd.
[illegible]

Henderson Baring Group
[illegible]

Hill-Samuel & Co. (Guernsey) Ltd.
[illegible]

Hill Samuel Investment Mgmt. Intnl.
[illegible]

Rothschild Asset Management (C.I.)
[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. (a)

Allen Harvey & Ross Unit Tst. Mgrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Arbuthnot Securities Ltd. (a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co. Ltd. (a)

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)

The British Life Office Ltd (a)

Brown Shipley & Co. Ltd. (a)(g)

Canada Life Unit Trust Mngrs. Ltd.

Cannon Fund Managers Ltd.

Charities Official Invest. Fund

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M. (a) (b) (c)

Fidelity International Management Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends Prov. Trust Managers (a)(b)(c)

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mngrs.) Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(x)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngemnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a) (g)

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudential Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Widows' Fund Management

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mangmt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.

Target Tst. Mngrs. Ltd. (a) (g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co. (y)

Trustee Savings Bank

TSB Unit Trusts (b) (c) (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

[illegible]

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance PLC

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

[illegible]

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

New Zealand Ins. Co. (UK) Ltd.

NPI Pensions Management Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Mutual Assurance Society

Scottish Widows' Group

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Sun Life Pension Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

[illegible]

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capital International S.A.

Capital Asset Managers Ltd.

Central Assets Management Ltd.

Charterhouse Japhet

Chieftain Commodities (Isle of Man) Ltd.

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	1981 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99⅝	99⅛	Treas. Variable '81‡‡	99⅝	–⅛	14.99	15.28
100⅛	99⅜	Exch. 12¾pc 1981‡‡	99⅝	–⅛	12.82	15.09
98⅛	95⅝	Treas. 8½pc '80-82‡‡	97⅝	–⅛	8.68	15.17
96⅛	91⅜	Treasury 3pc '82‡‡	96	–⅛	3.13	13.68
107	99¾	Treasury 14pc '82‡‡	99¾	–¼	14.04	14.63
99⅞	98⅛	Treas. Variable '82‡‡	99¼	–⅛	15.85	15.88
96⅛	93⅛	Treasury 8¼pc '82	94⅝	–½	8.71	15.53
96⅛	93⅛	Exch. 9¼pc 1982	94⅝xd	–½	9.79	15.43
95¼	92⅝	Exch. 8¾pc 1983	93¼	–⅝	9.33	14.14
92¼	84⅞	Exch. 3pc 1983	89¼	–½	3.36	11.44
99⅜	95⅝	Treasury 12pc 1983‡‡	95⅝	–¾	12.55	15.45
99½	96⅝	Treas. Variable '83‡‡	99	–¼	15.09	15.56
91¼	91¼	Treasury 9¼pc '83	91¼	–¾	10.14	14.86
101⅞	96⅜	Exch. 13½pc '83	96⅜	–¾	14.01	15.45
94⅝	90⅝	Exch. 10pc 1983	90⅝	–¾	11.07	15.22
88	84½	Funding 5½pc '82-84‡‡	84½	–1	6.51	13.50
96¼	91¼	Exch. 11¼pc 1984	91¼	–1¼	12.33	15.70
103⅞	96⅜	Exchequer 14pc 1984	96⅜	–1¼	14.53	15.66
82½	78¼	Exch. 3pc 1984	78¼	–1	3.83	12.64
98⅝	91⅝	Treasury 12pc 1984	91⅝xd	–1¼	13.10	15.60
107¼	98¼	Treasury 15pc 1985	98¼	–1¼	15.19	15.43
98½	90⅛	Exch. 12pc Cnv. '85	90⅛	–1¼	13.31	15.75
76	72	Treasury 3pc 1985	72	–1	4.17	12.82
96⅛	87½	Treasury 11½pc 1985	87½	–1¼	13.14	15.95
98⅝	89½	Exch. 12¼pc 1985	89½	–1¼	13.69	15.73
97⅛	87⅞	Exch. 11¾pc '86	87⅞	–1¼	13.39	15.66
70⅛	66¼	Treasury 3pc 1986	66¼	–1	4.49	12.66
97⅞	87¾	Treasury 12pc '86	87¾	–1¼	13.68	15.73
88⅝	80	Treasury 8½pc '84-86‡‡	80	–¾	10.63	14.38

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

25½	14	Burma Mines 10p	15	–2	0.75		
330	120	Colby Res. Corp.	120	......	—	—	—
330	200	Cons. Murch. 10c.	300	–10	t030c	1.8	5.7
9½	6	††Explaura Gold	8½	......	—	—	—
98	50	††Hemerdon 10c.	50	–3	—	—	—
180	80	Highwood Res.	85	–5	—	—	—
505	300	Northgate C$1	325	–10	—	—	—
633	372	R.T.Z.	490	–3	16.0	2.3	4.7
£130½	£93½	[illegible]	£107	–3½	Q9½%	—	f9.1
103	13	††SPO Minerals 10p	18	–1	—	—	—
47	20	Sabina Inds. C$1	20	–2	—	—	—
44	27	††SWCM 10p	27	–1	—	—	—
585	465	Tara Exptn. $1	577	+15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value.

♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	40	–3	Conv. 9% '80/82	£92¼	–¼
Bertrams	8	–1	Nat. 9¾% 84/89	£68⅞	–⅛
Bdg'wtr. Est. 50p	410	–10	Fin. 13% 97/02	£73	–¼
Craig & Rose £1	£13	......	Alliance Gas	63	......
Finlay Pkg. 5p	21	......	Arnott	225	......
Graig Ship. £1	£19	–1	Carroll (P.J.)	79½	......
Higsons Brew	63	–2	Concrete Prods.	90	......
Holt (Jos) 25p	530	......	Helton (Hldgs.)	27	......
I.O.M. Stm. £1	155	–2	Irish Ropes	43	......
Pearce (C. H.)	780	......	Jacob	66	......
Peel Hldgs.	102	+1	T.M.G.	15	......
Sheff. Refrshmt	88	–2	Unidare	76	......
Sindall (Wm.)	194	......			

OPTIONS

3-month Call Rates

Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	18
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	28
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¼
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	25	**Oils**	
Cadburys	7½	N.E.I.	8	Brit. Petroleum	33
Courtaulds	7	Nat. West. Bank	32	Burmah Oil	16
Debenhams	10	P & O Dfd.	12	Charterhall	8
Distillers	17	Plessey	28	KCA	22
Dunlop	8½	Racal Elect.	34	Premier	7½
Eagle Star	25	R.H.M.	5	Shell	32
F.N.F.C.	3	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	25	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	18	Thorn EMI	30	Charter Cons.	21
G.U.S. 'A'	44	Trust Houses	15	Cons. Gold	45
Guardian	38	Tube Invest.	18	Lonrho	9
G.K.N.	15	Turner & Newall.	10	Rio T. Zinc	45
Hawker Sidd	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Friday September 25 1981

Engineering leaders reject 3% pay offer

By Brian Groom

BY BRIAN GROOM Labour Staff LEADERS OF 1.7m manual workers in the engineering industry yesterday rejected a pay offer which would add 3.16 per cent to national minimum rates. They are seeking a rise of at least 14 per cent.

Any settlement around the level of the offer would be a considerable boost to the Government's hopes that pay deals in the private and public sectors will be in low single figures. The engineers' talks are important because they cover a large group of workers and come at the start of the new wages round.

The Engineering Employers' Federation proposed at the start of yesterday's talks in London that there should be no national pay increase at all because of the "emergency" facing the industry. Rises should be negotiated purely at company level, it said.

The negotiating committee of the Confederation of Engineering Unions spurned both that proposal and the 3 per cent offer which subsequently put.

Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers and leader of the union side, said he was looking for a "substantially" improved offer when the two sides meet again on October 5.

Mr Duffy refused to speculate about what the unions might do if the offer is not increased.

The unions have been careful so far not to threaten industrial action. This and the weakness of the industry, which shed nearly 400,000 jobs in the year to June, by when 300,000 engineering manual workers were on short-time, do not suggest the likelihood of militancy.

The EEF wanted no national increase because it might threaten the existence of some companies which paid close to the minimum rates and were already in trouble. Output in the industry had fallen 17 per cent since 1979.

Mr Anthony Frodsham, director general of the EEF, said it would consult member companies but "I don't think they are going to feel we can move very much."

The 3 per cent offer would add £2.50 a week to the basic minimum for a skilled worker, raising it to £81.50, and raise the basic unskilled rate by £1.80 to £58.60.

The EEF says that average 40-hour earnings for a skilled worker are currently £114.

The offer in effect rejects a union claim for the differentials between skilled and unskilled rates to be narrowed. The EEF said it would consider a request to cut the current national overtime limit from 30 hours per employee in any four weeks, but not to the 10 hours sought by the unions.

Mr Gerry Eastwood, patternmakers' leader and president of the CSEU, claimed the offer would add less than 0.5 per cent to the industry's costs.

Miners' claim, Page 9

Continued from Page 1

Stocks

stepped up their buying yesterday.

The fund managers were more optimistic about the future for the U.S. markets, though only one went so far as to predict a drop in U.S. interest rates before January.

Their views were mirrored in an early afternoon recovery of confidence in New York. The Dow Jones index, 1.04 off at noon, had produced a 2.48 point rise by 1 pm. It was down 0.95 at 3 pm.

Back at home the gilt-edged market shared the late rally with long-dated gilts showing a small gain. Pension funds were particularly interested in picking up extra index-linked stock.

Stock markets in Japan and Australia at their close yesterday were still caught in the backlash of the earlier slumps in London and New York, but both Hong Kong and Singapore rallied during the afternoon.

The extent of the Australian collapse, which was widespread, was visible in a 40c fall to A$11.10 in Broken Hill, the market leader, and in CSR, which dropped 42c to A$4.28.

The Sydney index closed 10.7 points down at 589.3, its lowest level for 16 months.

In Japan the Nikkei Dow-Jones shed 128.93 yen to 7,364.03, the largest fall in four months, and the more broadly-based TSE index fell 9.99 to 554.03. Japanese analysts put the blame firmly on a loss of international confidence which led foreign investors to pull out of markets everywhere, rather than on internal questions in the Japanese economy.

The Hang Seng index in Hong Kong spent the morning diving to its lowest level in six months, but by the close sufficient of a rally had generated to bring it back up to within 8.52 points of the Wednesday close.

Progress in Namibia talks

BY REGINALD DALE, U.S. EDITOR

THE FIVE Western nations seeking to negotiate Namibian independence yesterday announced a major step forward in their efforts to persuade all parties involved, most notably South Africa, to agree to a settlement.

The five — the U.S., Canada, Britain, France and West Germany — are to send a high-level mission to tour Southern Africa, starting in early October, with a new set of constitutional principles and a timetable for "final negotiations."

Lord Carrington, Foreign Secretary, said in New York yesterday after a meeting of foreign ministers of the five-nation Western contact group on Namibia that the principles had "a very good chance" of acceptance by all concerned—South Africa, the internal parties in Namibia, the South West African People's Organisation (Swapo) and the front-line states.

"The whole train is back on the rails and starting off again," Lord Carrington said. It was derailed at a stormy negotiating session in Geneva in January, when South Africa rejected major aspects of the independence plan.

Lord Carrington warned the road ahead would be difficult and not all problems had been solved. But he said that in recent talks between South Africa and the U.S. "a lot of misunderstandings had been cleared up.

The South African response to modified Western proposals in a meeting with U.S. officials in Zurich earlier this week had been sufficiently positive to relaunch the talks, Lord Carrington said. But a number of points remained to be settled with Pretoria.

In Geneva, the South Africans rejected the United Nations as a participant in the independence process on the grounds that it was not impartial and insisted on greater guarantees for the white minority in Namibia after independence.

Pretoria is also concerned that the newly-independent country will become a base for terrorist attacks on South Africa itself. But the South Africans now appear to have reaffirmed acceptance, at least in principle, of UN Security Council Resolution 435 as a basis for Namibian independence. This calls for UN-supervised "free and fair elections" and the creation of a UN Transitional Assistance Group to sustain the move to independence.

Lord Carrington said the aim was to wrap up negotiations and start the implementation process next year. Several months would then be needed to make final arrangements for full independence.

Lord Carrington said the front line states—Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe—were all anxious for a solution. He was confident they would be prepared to discuss the constitutional proposals, which were based on the UN Charter and the Commission for Human Rights.

Government chief adviser confirms business upturn

BY SAMUEL BRITTAN

THE British business cycle was on an upward leg even if recovery was expected to be slow, Professor Terry Burns, the Government's Chief Economic Adviser, told a Washington audience last night.

In a speech to the National Association of Business Economists he hinted there might be a pause over the next few months in the downward movement of inflation, which tended to "come down in steps."

He was, however, optimistic about the long-term trend. The true comparison was not with 1979, when inflation was depressed by temporary factors, but with the pre-1977 trend—"possibly 15 per cent and rising."

He acknowledged the anti-inflationary efforts by the Callaghan Government between 1976 and 1979, when monetary and fiscal targets were introduced.

The important innovation of the present British Government was the medium-term financial strategy designed to set out targets some years ahead.

Prof. Burns emphasised that for short-term decisions the Government took into account not only Sterling M3, the broad-based measure of the money supply, but M1 and a wide range of factors including the exchange rate, "both when it was rising and during its recent decline."

He thought the main strategic decisions would be better understood and technical disagreements put into perspective if more attention were paid in public discussion to "total money in incomes" and "money GDP."

In a succinct summary of the debate among British economists he said: "The real contrast is between those who think that Government demand-management policy can, in the long run, influence only nominal magnitudes such as money GDP, the PSBR [Public Sector Borrowing Requirement], the money supply or the nominal exchange rate: and those who feel that Government demand-management can control or influence real magnitudes separately, such as the level of output, the real exchange rate or real wages."

Prof Burns said unemployment was likely to remain very high even if other measures of demand and capacity returned to normal.

He placed much of the responsibility for this on the sharp fall in profitability and the ability of unionised labour, especially in the nationalised industries to protect personable disposable income and to shift the burden of adjustment to external shocks on to corporate real rates of return and on to the unemployed.

Prof Burns hinted at further long-term steps to improve the efficiency of the labour market but placed his main hopes on workers' "self-interest and realism."

He wanted to shift the UK debate "decisively towards the role of real earnings relative to productivity as a determinate of employment and unemployment."

This might be read as a polite way of saying workers had to price themselves into jobs by accepting lower real wages or improving their performance.

Speech report, Page 9

Belgian group 'raids' Tanks and wins control

By George Milling-Stanley

SOCIETE GENERALE de Belgique, Belgium's largest industrial holding company, took control of Tanks Consolidated Investments, the UK-registered mining and industrial investment company, in a dawn raid on the London Stock Exchange yesterday.

The Belgian group offered 450p a share for Tanks at the start of trading through stockbrokers Cazenove and Company. Within an hour it was able to announce that it had achieved its minimum objective of a holding of just over 50 per cent.

The offer on the market was withdrawn. A formal takeover bid at the same price to the holders of the remaining shares will follow in due course, according to Lazard Brothers, Societe Generale's advisers.

The bid values the whole of Tanks at £77.27m, against £63.87m at the previous day's closing price of 372p. Societe Generale and its associates have held a near-30 per cent stake in Tanks—which was founded in 1899 as Tanganyika Concessions—for some time. The two companies have several interests in common, notably holdings in Union Miniere.

This company, formerly a copper producer in the Belgian Congo, now has a wide range of mining interests in many different parts of the world.

Societe General said yesterday that it felt it was now appropriate, "in the interests of closer coordination of the investments of the two companies," to make its offer to acquire the outstanding Tanks shares.

Tanks had little to say about the offer last night, beyond the fact that the directors were urgently considering it and would issue a statement shortly.

Details, Page 22

Habitat shares offer goes ahead

BY IAN RODGER

HABITAT, the home furnishings retail group, is going ahead with its long-awaited offer of shares to the public, in spite of stock market turmoil.

The group, with 54 stores in the UK, France, Belgium and the U.S., is making an offer for sale by tender of up to 10.9m shares, 25.2 per cent of its issued capital.

At the minimum price of 110p a share the company is being valued at £47.6m.

The seldom-used tender method of offering shares to the public was last adopted by the travel group Intasun to raise £7m in April.

Habitat's offer is also unusual in that the amount being raised is fixed at £12m, but the number of shares sold will be scaled down if sufficient premium tenders are received.

Morgan Grenfell is underwriting the offer, with Bank Mees and Hope of the Netherlands, Habitat's principal bankers.

Mr Roger Seelig, a director of Morgan Grenfell, said: "It is perhaps a measure of our quiet confidence in this company that we did not feel the need to postpone the issue."

Mr Terence Conran, founder, chairman and majority shareholder of Habitat, said he had always wanted to bring the company to the market during a recession because of the large number of employees who were shareholders.

"We did not want them to get excited and sell their shares into a booming market."

About 1,100 of the group's 2,130 employees are shareholders. Present and former employees hold about 20 per cent of total share capital.

Mr Conran said it would be "totally wrong" to deduce that the company had decided to go ahead because it needed the funds. In June 1981 balance sheet net debts of £6.37m represented 60 per cent of shareholders' funds. Interest charges doubled in 1980-81 to £1.1m.

Of the 10.9m shares in the offer 9.3m are new shares which will produce a net £9.5m for the company. The remainder are being sold by four shareholders. Mr Conran is raising about £1m by selling 909,000 of his own shares, but retains 23.17m shares worth £25.5m at the minimum tender price.

Offer by tender was chosen because the company and its advisers were concerned that there might be a large demand for the relatively few shares offered. They wanted the company rather than speculators to benefit from any premium on the launch price.

The method also means that investors who tender at a premium can count on a larger allocation than they would get in a heavily-oversubscribed conventional offer for sale.

After the stock market slump this week it is less certain that there will be heavy demand at or slightly above the minimum tender price. Mr Seelig said that the issue was well received by investment institutions invited to participate in the sub-underwriting.

Habitat had profits before tax of £4.4m last year, including £445,000 from property sales, on turnover of £67,165m. Earnings per share were 8.58p, of which 1.33p were attributable to the property profit.

Details, Page 21

EEC alleges pulp price fixing

BY GILES MERRITT IN BRUSSELS

LEADING Nordic, North American, Spanish and Portuguese paper pulp producers could be liable to fines totalling upwards of $250m (£139m) if a legal action launched against them by the European Commission proves they have been rigging prices.

In a major case that seeks to establish that these non-EEC producers have for almost 10 years been deliberately manipulating prices to the detriment of EEC companies, Brussels has opened proceedings against 65 different concerns.

In Brussels, Commission officials suggest that the effect of the 65 producers' pricing policies has been to push prices in the EEC to a point where EEC producers could not compete.

The companies' activities back to 1973 have been investigated. During that time their sales into EEC markets have been running at over 5m tonnes a year, worth an annual £1.4bn to £1.7bn. Technically, the companies could be fined up to 10 per cent of the value of their sales to the Community during that time. But Brussels would probably offer to scale down the fines if the companies agree to desist from their alleged activities.

The proceedings against the pulp producers parallels a similar case against Nordic newsprint concerns and their distribution methods, notably in the UK, that was revealed last year and is still not fully settled.

The companies have three months to reply to the case against them. After their rebuttals have been studied, the European Commission must then decide whether the competition authorities' case has been proved.

In addition to prohibiting further price fixing it can also impose its financial penalties, while the companies themselves can lodge an appeal with the European Court of Justice in Luxembourg.

It is understood that the decision to take action was taken after European Commissioners had reviewed the political implications of tackling the companies, particularly those from the U.S. because of continuing trade tensions between the EEC and the U.S. over such questions as steel and agricultural products.

William Dullforce adds from Stockholm: Swedish and Finnish companies confirmed that they had received "proceedings papers" from Brussels alleging that they were part of a cartel.

The companies rejected the cartel charge but said their lawyers needed time to study the document submitted by the Commission. Replies would be sent to Brussels before the end of November, the deadline set by the Commission.

Pound

Continued from Page 1

the day, partly as a result of Bank of England intervention, which appears to have been on a significant scale. Eventually it reverted to the morning's levels, closing at $1.7890 and DM 4.145.

The dollar consolidated Wednesday night's big gains against all currencies in the morning, as Eurodollar interest rates rose

There were reports of speculators closing short positions against the dollar from Chicago. But hopes of a stronger technical rally when the American markets opened were disappointed and by yesterday evening in London the dollar was back down to DM 2.316, compared with a close of DM 2.312 in New York on Wednesday.

Weather

UK TODAY

HEAVY showers and thunder, most frequent in the west, sunny intervals.

England, Wales, S., N., W., Central Scotland, N. Ireland
Sunny intervals, heavy showers and thunder developing, fresh to strong S.W. wind. Max. 15C to 16C (61F).

N.E. Scotland, Orkney, Shetland
Frequent showers, sunny intervals, fresh to strong S.W. wind. Max. 12C to 15C (54F to 59F).

Outlook: Continuing unsettled. Becoming colder.

WORLDWIDE

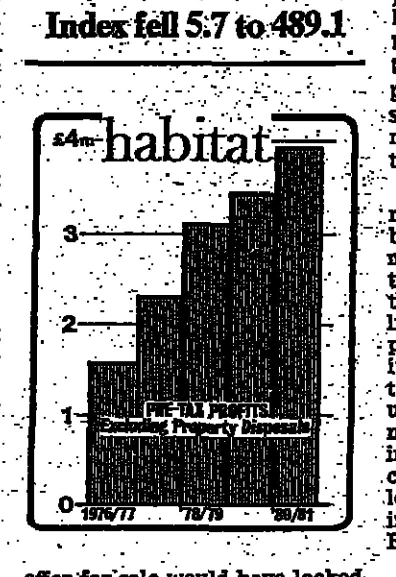
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	24	75	London	C	16	61
Algiers	F	26	79	L. Ang.†	C	18	64
Amsdm.	S	18	64	Luxmbg.	S	15	59
Athens	S	28	82	Luxor	S	36	97
Bahrain		—	—	Madrid	S	20	68
Barclna.	F	22	72	Majorca	F	24	75
Beirut	F	15	59	Malaga	S	25	77
Belfast	F	15	59	Malta	S	26	79
Belgrd.	F	24	75	Mchstr.	F	15	59
Berlin	S	17	63	Melbne.		—	—
Biarritz	S	22	72	Miami†	F	24	75
Bmghm.	F	15	59	Milan	C	20	68
Blackp'l	C	15	59	Montr'l†	C	9	4
Bordx.	S	21	70	Moscow	C	14	57
Boulgn.	R	15	59	Munich	F	16	61
Bristol	S	19	66	Nairobi		—	—
Brussels	S	17	63	Naples	F	26	79
Budpst.	F	21	70	Nassau		—	—
Cairo	S	31	88	Nwcstl.	C	16	61
Cardiff	S	17	63	Nwcstl.	C	16	61
Cas'b'ca	S	22	72	N. York†	C	13	55
Cape T.	S	19	66	Nice	F	23	73
Chicg.†	F	11	52	Oporto	C	18	64
Cologne	F	17	63	Oslo	R	12	54
Cpnhgn.	S	15	59	Paris	F	19	66
Corfu	S	29	84	Perth	S	18	64
Denver†		—	—	Prague	F	17	63
Dublin	C	16	61	Rykjvk.	S	8	46
Dbrvnk.	F	26	79	Rhodes	S	25	77
Ednbgh.	F	17	63	Rome	C	26	79
Faro	S	24	75	Salzb'rg	F	18	64
Florence	R	20	68	S'ciaco	S	12	54
Frankf't	S	16	61	S. M'ritz		—	—
Funchal	F	23	73	Singapr.		—	—
Geneva	R	15	59	S'tiago†		—	—
Gibrltr.	S	24	75	Stckhm.	C	15	59
Glasg'w	F	15	59	Strasb'g	S	19	66
G'rnsey	C	16	61	Sydney		—	—
Helsinki	F	14	57	Tangier	S	22	72
H. Kong		—	—	Tel Aviv	F	29	84
Innsbr'k	C	15	59	Tenerife	F	24	75
Invrnss.	F	15	59	Tokyo	F	26	79
I.o.Man	R	14	57	Tor'nto†	S	4	39
Istanbul	S	23	73	Tunis	F	31	88
Jersey	C	16	61	Valencia	S	24	75
Jo'burg	S	26	79	Venice	T	16	61
L. Plms.	F	24	75	Vienna	S	20	68
Lisbon	S	21	70	Warsaw	F	15	59
Locarno	R	14	57	Zurich	C	13	55

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Dunlop still losing air

Index fell 5.7 to 489.1



Having begun the day in now-familiar style, London equities rallied sharply late yesterday, so that a 17.4 point fall on the FT 30-Share Index at 3 o'clock had been trimmed back to 5.7 points by the close. Some tentative institutional buying, helped by the feeling on Wall Street that President Reagan's broadcast might give the financial markets something they wanted to hear, set off a cascade of bear closing.

This technical rally may go further this morning: that aside, the market will probably take its cue from New York. It will take solid good news to soothe the London money markets, where period rates were not far below 16 per cent throughout yesterday. And since today is Friday, the collective mind of the gilt-edged market will be concentrated on the possible issue of new stock.

Dunlop

The good news from Dunlop is that the UK tyre business may be clawing its way slowly out of the red. First half operating losses were £11m, compared with £15m in the second half of 1980, and the overall shortfall for 1981 should be not much over £16m.

But this is still a horrific figure for a company with debt matching 80 per cent of shareholders' funds and interest charges which more than wiped out operating profits at the halfway stage. Adjusting for the divorce from Pirelli and a change in the treatment of foreign currencies, attributable losses have increased from £8m to just over £20m.

The non-tyre business in the UK turned down by perhaps £2½m, profits from associates have been wiped out and the Malaysian plantation companies were hit by weaker commodity prices. So it was left to Africa and the Malaysian manufacturing operation to check the damage.

Dunlop's non-tyre earnings are not reliable enough for the group to sustain heavy UK losses for much longer. Recent productivity improvements have pushed the break-even level of UK tyre capacity down to around 75 per cent, and are intended to put tyres in the black next year — but only before financing costs. At 56½p, down 3p yesterday, the shares yield an entirely unearned 8.9 per cent.

Habitat

The terms of Habitat's £12m offer for sale would have looked quite generous a month ago. The company has had the occasional upset overseas, and the performance of its U.S. operation remains disappointing, but it is hard to knock a record of over 30 per cent compound growth in pre-tax profits over the past five years.

Assuming that net margins are maintained this year on a sales gain of about 20 per cent, trading profits should work out at roughly £5m. This figure will rise by at least another £1m if most of the offer proceeds are used to pay off Habitat's expensive dollar debt, which is currently around £7m. On the basis of average weighted capital, the minimum tender price works out to just under 16 times fully taxed prospective earnings, which is not way out of line for a specialist retailer of Habitat's quality.

The sale by tender is designed to get round the problem of underpricing, but in the present plunging equity market, that is likely to be the least of Habitat's problems. More than a 10 per cent premium to the minimum price would be a striking success. There was apparently a fair level of institutional interest, and the shares might command some scarcity premium. On the other hand they will not score high marks for marketability.

The odds are on a successful issue, but it will be tight. The share price of Mothercare, with which Habitat is most often compared, dropped yesterday to its lowest level for two years.

George Wimpey

George Wimpey's first half is traditionally light, the company provides nothing in the way of a breakdown and its accounting methods are conservative. So the 32 per cent drop in pre-tax profits to £8.4m can be considered as much a gloomy message from the Board as anything else.

The main source of gloom must be UK private house building. Margins have been more or less held, but completions are down nearly a third in the first half and this year's likely outcome of 7,000 compares with 11,500 in 1979. While it is not unusual for Wimpey to lose market share in an upturn, in the past it has always managed to retrieve the position. In a downturn. But this year the company seems to have been left behind by the marketing innovations of groups like Barratt.

Elsewhere high interest rates have pushed North American housebuilding into loss, while the group has been able only to maintain its contracting order book. With the property sector among the worst performers so far this year, the spell of Wimpey's portfolio appears less alluring than it has. Without a dividend increase, the shares tumbled 10p yesterday to 91p, where the yield is 4 per cent.

Rowntree Mackintosh

After two years of falling profits, Rowntree Mackintosh has reversed the trend with a doubling of the first half pre-tax return to £8.7m. But at 22 per cent, the gain is less impressive at the trading level. And the improvement here represents nothing more fundamental than better margins after a price rise in the UK—made at the expense of market share. After nearly eight months Rowntree's volume has fallen by 2 per cent, which compares with a gain of a similar amount for the industry as a whole.

Profits in Europe are still no better than break even, while exports from the UK have been hard hit. Stronger performances in South Africa and Canada have been undermined by weaker Australian results. Helped by the rights issue cash, profits this year may recover to £40m or so, against £31.4m—still well below the £45m of 1978 and there is unlikely to be much follow through next year. The European build up looks as long term as ever, while any move into new territories promises to be cautious. The shares fell 6p yesterday to 158p, to produce a prospective yield of about 7 per cent.

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V G H